FOREIGN
BROADCAST
INFORMATION
SERVICE

Daily Report

Central Eurasia

FBIS-SOV-95-109
Wednesday
7 June 1995

Daily Report
Central Eurasia

FBIS-SOV-95-109 CONTENTS *7 June 1995*

NOTICE: An * indicates material not previously disseminated in electronic form.

INTERNATIONAL AFFAIRS

Russia, Ukraine, Norway, U.S. Plan Sea-Based Launch Pad *[ITAR-TASS]* 1

INTERREGIONAL AFFAIRS

PRAVDA Comments on CIS Security Chiefs' Tbilisi Gathering *[6 Jun]* 2
CIS Official on Results of Minsk Summit *[NEVSKOYE VREMYA 2 Jun]* 2
ITAR-TASS Carries Press Review for 7 Jun 3

RUSSIA INTERNATIONAL AFFAIRS

Grachev — No Plans To Withdraw Troops From Bosnia, Croatia *[INTERFAX]* 5
Karasin: Russia Wants Reaction Force Role Clarified *[ITAR-TASS]* 5
Official on Bosnia Reaction Force, NATO Ties *[INTERFAX]* 5
Moscow Sets Conditions for Backing Reaction Force *[INTERFAX]* 6
Grachev Will Not Attend NATO Cooperation Council *[ITAR-TASS]* 6
Possible Countermeasures Against NATO Pondered *[NEZAVISIMAYA GAZETA 23 May]* 6
CIA Seen Protecting U.S. Business Interests *[ROSSIYSKIYE VESTI 7 Jun]* 11
Reports on Ukrainian Arrest of Spy 'Absurd' *[INTERFAX]* 12
Kozyrev Begins Official Visit to United Kingdom 12
    Arrives for Two-Day Visit *[ITAR-TASS]* 12
    Receives Assurances on Bosnia Mandate *[ITAR-TASS]* 12
    Discusses Bosnia With UK Ministers *[ITAR-TASS]* 13
    Welcomes Release of Peacekeepers *[ITAR-TASS]* 13
Iraq's 'Aziz Confers With Davydov *[Baghdad INA]* 14
Karasin on Sharing Iraqi Hope of Lifting UNSC Sanctions *[INTERFAX]* 14
Foreign Ministry Denies Moscow-Taipei Mission To Be Opened *[ITAR-TASS]* 14

RUSSIA NATIONAL AFFAIRS

Political Issues

Yeltsin Writes to Rybkin on Duma Election Law *[INTERFAX]* 15
Yeltsin Amends Statute on Control Administration *[ROSSIYSKAYA GAZETA 6 Jun]* 15

Media Issues

Yeltsin, Ignatenko See Enhanced Professionalism in Media *[INTERFAX]* 16

Military & Space Issues

Northern Fleet Ballistic Missile Launch Delayed *[INTERFAX]* 16
    Launch Proceeds After Delay *[INTERFAX]* 16
U.S. Astronaut Sets Endurance Record on Mir *[INTERFAX]* 17
    Mir Crew Observes Earthquake Zone *[ITAR-TASS]* 17

Federal Assembly

Opposition Movement Contender in Elections *[NEVSKOYE VREMYA 30 May]* 17
Progress on Election Law Reconciliation Viewed *[PRAVDA 7 Jun]* 18
Stability Group Joins Chernomyrdin's Bloc *[INTERFAX]* 18
Duma Speaker Rybkin Interviewed *[ROSSIYSKAYA GAZETA 2 Jun]* 18
Committee Shelves Debate on Savings Bank Stock *[INTERFAX]* 26
Deputy Cites Resistance to Funds Control Law *[INTERFAX]* 26
Commission To Investigate Neftegorsk Earthquake *[ITAR-TASS]* 27
Council Decree Rejects Media Support Law *[ROSSIYSKAYA GAZETA 6 Jun]* 27

Regional Affairs

Update on Battlefield Situation in Chechnya 27
    Dudayev Said To Hold 60-70 POW's *[INTERFAX]* 27
    Kulikov Challenges 'Misinformation' *[ITAR-TASS]* 28
    Army Daily on Capture of Vedeno *[KRASNAYA ZVEZDA 6 Jun]* 28
    TV Reports From Vedeno *[Moscow ORT]* 29
    Chechnya-Dagestan Border 'Ever More Tense' *[ITAR-TASS]* 29
    Turkish Group Said To Supply Weapons *[INTERFAX]* 30
    Dudayev Reportedly Moves to Shatoy *[INTERFAX]* 30
More on Earthquake Relief Efforts; 1,197 Dead *[IZVESTIYA 6 Jun]* 30
Don Parliament's Achievements Noted *[VECHERNIY ROSTOV 3 May]* 31
Tatarstan Local Councils To Be Combined *[KAZANSKIYE VEDOMOSTI 2 Jun]* 32
Volgograd Oblast Budget Law Passed *[VOLGOGRADSKAYA PRAVDA 11 Apr]* 33
Tyumen Oblast Organizational Conflict Examined *[ROSSIYSKAYA GAZETA 19 May]* 36

Economic Issues

Chubays Remark Possible Cause of Rise in Ruble *[IZVESTIYA 6 Jun]* 37
Paramonova on Fall in Dollar Rate *[ITAR-TASS]* 38
Dollar's Strength Seen Artificially Caused *[MOSKOVSKIY KOMSOMOLETS 6 Jun]* 38
Livshits: Russia To Switch to One-Currency System *[ITAR-TASS]* 39
Dollar, Ruble Political Camps Seen Forming *[NOVOYE VREMYA 29 May]* 39
Livshits: New Economic Policy Package Pending *[SEGODNYA 7 Jun]* 40
Central Bank Currency Reserves Total $9 Billion *[INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY]* 40
Paramonova's Chances To Become CBR Head Diminish *[SEGODNYA 7 Jun]* 41
Turf Wars Hinder Distribution of Foreign Funds *[KOMMERSANT-DAILY 6 Jun]* 41
Guidelines for 1996 Budget Policy Issued *[ROSSIYSKAYA GAZETA 2 Jun]* 42
Poor Need R25 Trillion To Reach Subsistence Level *[INTERFAX]* 49

UKRAINE

International Affairs

Locations of UN Hostages in Bosnia Detailed *[UNIAN]* 50
Udovenko Urges Joint Efforts To Free Hostages *[INTERFAX]* 50
    Zlenko: Independent Action Possible *[UNIAN]* 50
Kuchma Not To Attend Black Sea Summit *[INTERFAX]* 50
Territorial Disputes With Romania Noted *[INTERFAX]* 50
Egypt Said Studying Nuclear Cooperation Offer *[ITAR-TASS]* 51
Hungary Detains Ship Violating FRY Embargo *[UNIAN]* 51

National Affairs

- Kuchma on Implementation of Law on Power *[UNIAN]* 51
- Background, Effects of 'Poll Game' Viewed *[VYBIR]* 52
- Supreme Council Resolution Overruling Poll Decree *[VYBIR]* 54
- Supreme Council Adopts Constitutional Agreement *[UNIAN]* 55
- Supreme Council Suspends Prosecutor General *[UNIAR]* 55
- Request To Prosecute First Deputy Speaker *[INTERFAX]* 55
- Crimeans Polled on Franchuk Leadership *[KRYMSKIYE IZVESTIYA 26 May]* 55
- RF Delegation Reports Crimea Findings *[KRYMSKIYE IZVESTIYA 26 May]* 56
- 'Water Leakage From Reactor Circuit' at Chernobyl *[MOLOD UKRAYINY 2 Jun]* 56

Economic Issues

- Foreign Trade Minister on Developments *[INTELNEWS]* 57
- World Bank on Conditions for Banking Sector Loan *[UNIAN]* 58
- Donbass Deputies Appeal 'Critical Situation' *[LUGANSKAYA PRAVDA 25 May]* 59
  - Kuchma Aide Tours Donbass *[VSEUKRAINSKIYE VEDOMOSTI 1 Jun]* 59
- Canada Takes Leading Role in Diamond Exploration *[KOMMERSANT-DAILY 6 Jun]* 60
- Ukraine Seeks Uranium Self-Sufficiency *[IZVESTIYA 2 Jun]* 61
- Crimea Deputies Debate State Property *[KRYMSKIYE IZVESTIYA 26 May]* 63
- Unemployment, Low Pay, Cheap Import Goods *[KRYMSKIYE IZVESTIYA 26 May]* 64

WESTERN REGION

Belarus

- President Authorizes Signing Agreement With NATO *[Minsk Radio]* 66
- Council of Europe Rejects Membership Over Elections *[Minsk Radio]* 66
- U.S. Military Team Arrives To Discuss Environment *[BELAPAN]* 66
- Defense Minister Resigns Over Commercial Irregularities *[Minsk Radio]* 66
  - President Signs Resignation Order *[INTERFAX]* 66
  - 'Source': Further Resignations Expected *[Radio Rossii]* 67
- Former Defense Minister Drops Charges Against President *[BELAPAN]* 67
- Agrarian Party Success Viewed as Communist Victory *[SVABODA 3 Jun]* 67

Moldova

- Popov: No Weapons Claimed From 14th Army *[ITAR-TASS]* 68
- Snegur: Russia Has Special Role in Dniester Conflict *[INTERFAX]* 68
- Snegur Issues Decree Setting Up Embassy in Beijing *[BASAPRESS]* 69

CENTRAL ASIA

Kazakhstan

- President Meets French Counterpart in Paris *[Almaty TV]* 70
  - Discusses Closer Ties With CIS *[ITAR-TASS]* 70
- President Nazarbayev Arrives in Geneva *[ITAR-TASS]* 70
- Verk on Minsk, Constitution, State Policy *[KARAVAN 2 Jun]* 70
- Nazarbayev Outlines Plans for Constitutional Reform *[PANORAMA 3 Jun]* 72
- Finance Official on Bankrupt Enterprises *[PANORAMA 27 May]* 72

Kyrgyzstan

- Akayev Gives Views on Central Asia Cooperation *[INTERFAX]* 74
- Resolution Issued on State Incomes Policy *[KYRGYZKABAR]* 74

Tajikistan

Delegation Head Insists Talks Were 'Success' *[PRAVDA 6 Jun]* 75
Russian Spokesman: Talks Proceed 'With Difficulty' *[ITAR-TASS]* 75
Rakhmanov, Russian Minister Hold Discussions *[Dushanbe Radio]* 76

Uzbekistan

Karimov Previews Visit to Latvia, Lithuania *[Tashkent Radio]* 76
Supreme Council Sets Up Human Rights Commission *[NARODNOYE SLOVO 6 Jun]* 76
Supreme Council Approves Draft Military Doctrine *[NARODNOYE SLOVO 7 Jun]* 77

CAUCASUS

Armenia

Karabakh Settlers Offered 'Special Privileges' *[ARAGIL ELECTRONIC NEWS BULLETIN]* .. 78
AOD Leader Examines Election Prospects *[VREMYA 24 May]* 78
Motives Behind Shakhnazaryan Ouster Viewed *[GOLOS ARMENII 23 May]* 80

Azerbaijan

Gasanov Begins Partnership Talks With NATO *[ITAR-TASS]* 82
President: Elections Will Be Democratic *[TURAN]* 82
Official on Censorship After State of Emergency Lifted *[TURAN]* 83

Georgia

Russian General on Refugees Returning Home *[ITAR-TASS]* 83
Warning on Russian Mediation in Abkhazia *[SAKINFORM]* 83
Decision Issued on Turkmenistan Gas Supplies *[SAKINFORM]* 84
Shevardnadze, Cabinet Meet To Discuss Privatization *[Tbilisi Radio]* 84

BALTIC STATES

Estonia

Zhirinovskiy Aide on Rozhok Expulsion *[BNS]* 85
Official Comments on Russian View on Tartu Treaty *[Tallinn Radio]* 85
Premier Comments on Concessions to Non-Citizens *[Tallinn Radio]* 85

Latvia

Uzbek President Arrives on Two-Day Visit *[Riga Radio]* 86
    Friendship Treaty Signed *[Tashkent TV]* 86
    Karimov Seeks Closer Baltic Links *[INTERFAX]* 86
    Cooperation Stressed in Karimov Visit *[Riga Radio]* 87

Russia, Ukraine, Norway, U.S. Plan Sea-Based Launch Pad

LD0506112895 Moscow ITAR-TASS in English 1059 GMT 5 Jun 95

[By Veronika Romanenkova]

[FBIS Transcribed Text] MOSCOW June 5 (ITAR-TASS) — Russia, Ukraine, the United States and Norway agreed to create a sea-based space launching site in the second half of 1988 which will be deployed somewhere on the equator, according to Stanislav Konyukhov, Designer General of the missile plant in the Ukrainian city of Dnepropetrovsk.

He told Tass Monday that space industry consortiums from the four countries plan to build the "naval cosmodrome", however, the concrete place of its deployment has not been announced so far.

Konyukhov refused to disclose the cost of the project saying it was a commercial secret. However, he said the participants plan to make profits by launching spacecraft of other countries.

According to the signed agreement, the main designer of the launching site is the Russian "Energiya" concern. The booster segment will be constructed by the Dnepropetrovsk plant, while the platform proper will resemble oil and gas drilling platforms and will be built by Norway. The United States will finance most of the project.

The sea-based launching site will help solve a number of problems, according to Konyukhov. It will decrease launching expenses as its deployment on the equator will allow to launch major cargoes by less powerful boosters.

Besides, Ukraine, which has no launching site of its own, will get a possibility to launch its own spacecraft.

The launching site will be mostly used for Ukraine-produced "Cyclone" and "Zenith" boosters. The use of modernised SS-24 missiles is not ruled out, according to Konyukhov who said that the boosters can be delivered to the launching platform by any means of transportation as they are rather small in size. The Zenith, for example, is less than four metres in diameter.

Konyukhov believes the sea-based launching site provides more safety guarantees. The Zenith is launched completely automatically, while only several people are necessary for the "Cyclone" to blast off. Besides, the first stages of the boosters will splash down in the ocean causing no detriment to the environment.

PRAVDA Comments on CIS Security Chiefs' Tbilisi Gathering

MM0606160195 Moscow PRAVDA in Russian 6 Jun 95 p 2

[Report by Vladimir Statskiy: "Arms of the Special Services Become Longer. Security Conference in Tbilisi"]

[FBIS Translated Text] Tbilisi — A three-day conference of leaders of the security organs and special services of CIS member states has ended in Tbilisi. It is always a pleasure to talk about the fight against terrorism over a glass of "Kindzmarnuli." The conference was organized with typical Georgian flair and hospitality. The speeches, discussions, and signing ceremonies alternated with lavish meals, dinners hosted by the head of state, and suppers hosted by the Georgian security chief. It must be assumed that the conference participants were pretty pleased with its culinary aspects and facilities.

The business side was just as full. The main result of the three days was the signing of a treaty on the fight against organized crime, which the special services of the CIS countries agreed to conduct in close collaboration. At the final news conference S. Stepashin, director of the Russian Federal Security Service [FSB], noted that the special services have not only legally formalized their relationships in the sphere of combating organized crime but have indeed gone much further.

First of all, a protocol on combating terrorism was signed.

Second, an agreement of principle was reached on creating a single data bank on criminal formations operating throughout the CIS. In this respect, Stepashin believes, the special services have gotten a step ahead of many other ministries and departments which are still failing to coordinate with their own kindred structures in the near abroad.

The protocol concerning the problem of unlawful travel across the CIS countries' borders by various criminal elements who are aware of their own complete impunity is directly linked to this. A situation had formed whereby it was virtually impossible to collar in Baku or Chisinau a criminal who had "left tracks" in Moscow, for instance. Now the "arms" of the special services have become far longer.

A protocol regulating the interactions of the special services on technical questions has also been signed. This is connected with the fact that the once unified technical base of the Union KGB had departed this world, a large part of the scientific and technical subunits remained in Moscow, and the state security organs of the newly formed states found themselves high and dry, so to speak.

It is not forbidden now to train future security staffers at training centers in other CIS countries. And if they want to transfer from one special service to another, no obstacles will be placed in their path. I wonder whether such an achievement will not become one way of legalizing intelligence activity?

Answering journalists' questions, the top special services officials traditionally "dispersed" various myths, suspicions, and worries. The chief of the National Security Ministry of Azerbaijan dealt with the concern that weapons are filtering through the republic's territory to Chechnya. The deputy chairman of the Ukrainian security service with the facts of mercenary activity by his compatriots fighting on Dudayev's side (He said one interesting thing: "Our special service has no information about Ukrainian mercenaries fighting in Chechnya. Although a problem does exist." So is there no information or no problem?) Russian Federation FSB Director Stepashin rejected the idea that Russia will be acquiring a new power structure, in the form of the Cossack movement, which will be used as a counterbalance to the centrifugal forces on the territory of the North Caucasus.

The next meeting between the leaders of the CIS countries' special services will take place in Dushanbe. It is scheduled for September.

CIS Official on Results of Minsk Summit

954F2452A St Petersburg NEVSKOYE VREMYA in Russian 2 Jun 95 p 1

[Interview with Mikhail Krotov, general secretary of the CIS Interparliamentary Assembly Council, by Andrey Vermishev; place and date not given: "En Route to a Grand Alliance"]

[FBIS Translated Text] [Vermishev] Mikhail Iosifovich, how do you evaluate the results of the latest summit of heads of state of the CIS that was held on 26 May in Minsk?

[Krotov] This meeting demonstrated that the time of the formation of the Commonwealth as a single organism is nearly over. I personally have no doubt that we are slowly but surely moving toward a grand Eurasian alliance like that proposed by President of Kazakhstan Nursultan Nazarbayev. The Minsk meeting was very well organized, and its participants needed to spend virtually no time on technical details. In addition, the participants in the summit were, in fact, unanimous on the whole range of issues of the economic and defense cooperation of the participants in the Commonwealth.

But what was most important was that two fundamental documents were adopted at the meeting. I refer to the Convention on the CIS Interparliamentary Assembly and the decision to create the so-called Interstate Currency Committee.

[Vermishev] How appreciable has been the change in the status of the Interparliamentary Assembly following the Minsk meeting?

[Krotov] The point is that for all these years the Interparliamentary Assembly has essentially been a public organization, and all our decisions on this issue or the other have been of an exclusively recommendatory nature. Now, however, all Interparliamentary Assembly decisions are necessarily to be considered by the corresponding authorities of the CIS. In addition, Interparliamentary Assembly representatives and experts will henceforward enjoy on the territory of the participants in the Interparliamentary Assembly the same privileges and immunities as are, in accordance with the 1946 convention, accorded UN personnel.

[Vermishev] Which countries of the Commonwealth specifically signed the convention?

[Krotov] There are eight signatures on the document thus far: of Russia, Belarus, Georgia, Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, and Tajikistan. At the same time, though, we expect the number of parties to the convention to increase. The Turkmen members of parliament, for example, are currently considering the question of participation in the Interparliamentary Assembly as observers, and President of Ukraine Leonid Kuchma is declaring that his country is prepared to replace observer status with that of full participant in the Interparliamentary Assembly. It is essentially a question of all states of the Commonwealth participating in the work of the Interparliamentary Assembly in this form or the other some time after the convention has been adopted. And this is realistic.

[Vermishev] How would you comment on the results of the Interparliamentary Assembly's work at the previous, "public," stage?

[Krotov] I would say that our voice was always heeded. Judge for yourself: Have we not adopted part one of the model Civil Code since the corresponding document has been approved by the parliaments of Russia and Kazakhstan. Another example: In the spring the CIS Council of Defense Ministers concertedly supported our initiative concerning the adoption of the Statute on the Group of Military Observers of the Collective Security Force for Peacekeeping in the CIS. And it was only because the agenda of the Minsk meeting did not allow this issue to be addressed owing to shortage of time that it was decided to postpone it until the fall. In other words, the Interparliamentary Assembly has always had quite substantial authority and support in the political space of the CIS. The difference being merely that henceforward we shall be a legal entity. And I hope that in this new capacity we will be able to be of far greater benefit to the Commonwealth than before.

ITAR-TASS Carries Press Review for 7 Jun

LD0706074395 Moscow ITAR-TASS in English 0429 GMT 7 Jun 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW June 7 ITAR-TASS — Petr Surov, first deputy chairman of the State Commission for Restoration of the Economy and Social Sphere of the Chechen Republic, said in an interview with the Rossiyskaya Gazeta newspaper today that 306,000 people now live in Groznyy, while their number was only 120,000 in February.

According to Surov, the city is now fully supplied with bread. However, there are difficulties with water supplies.

The army newspaper Krasnaya Zvezda notes that the defeat of Chechen rebels in the south of the republic and the loss of the main stronghold in the village of Vedeno predetermined the tactics of separatist leader Dzhokhar Dudayev's supporters: the greater part of them goes to mountains to re-group.

Another part of gunmen goes to the Chechen capital Groznyy along humanitarian corridors under the guise of refugees. However, there are some people who, on understanding futility of further struggle, lay down arms.

The daily reports that about 300 gunmen came with repentance to federal administrative bodies.

The Izvestia newspaper runs an article by its analytical centre, giving a chronicle of relations between Russia and Ukraine from January 1992 and till last May.

Reporting a summit meeting between the presidents of the two countries in Sochi, scheduled for June 9, the newspaper supposes that the Black Sea Fleet will be the main topic of the meeting.

Writing about gas supplies to Ukraine, the Komsomolskaya Pravda newspaper reminds its readers that, while the republic consumed 105 billion cubic meters of gas in the early 1990s, the figure now stands only at 80 billion cubic meters. Ukraine's debt to Russia for gas supplies edges up on 7,000 billion roubles.

Prominent economist Andrey Illaryonov comments on the dollar's fall in Russia in today's issue of the Argumenty I Fakty weekly. The dollar lost 4.5 percent "of its weight" since the start of May.

In the scientist's opinion, "the sharper the dollar falls today, the steeper its rise will be several months later".

Izvestia reports that a trial of Moscow residents H. Garayev and M. Aimuradov starts in the Turkmenian capital Ashkhabad on Wednesday. They are accused by Turkmen secret services of engineering a terrorist act against the country's supreme leaders.

The daily writes that "a defence lawyer of one of the accused claims that the case was forged up in the spirit of 1937 (Eds: a period of mass executions of dictator Stalin's opponents). Oral testimonies of several Turkmen citizens, including criminals who were promised, according to some claims, shorter prison terms in exchange for appropriate confessions, are used as evidence of their guilt.

The Pravda newspaper features an interview with Colonel Yevgeniy Dzhugashvili, Can. Sc. (History), grandson of Josef Stalin. He claims that "continued disregard for Stalin's services and fabrication of various concoctions about him offend both the former Commander-in-Chief and true patriots of Russia".

Grachev — No Plans To Withdraw Troops From Bosnia, Croatia

LD0606140295 Moscow INTERFAX in English 1234 GMT 6 Jun 95

[FBIS Transcribed Text] June 6 (INTERFAX) — According to Russian Defense Minister Pavel Grachev, Russia does not plan to withdraw its peace-keeping contingent from former Yugoslavia. Nor does the Russian leadership intend to augment Russia's military presence in the zone of this conflict in the near future despite requests to this effect from a number of NATO countries. "We are satisfied with the makeup of Russian blue helmets and their bases," Grachev noted, talking with journalists on Tuesday.

(There are about 1,500 Russian paratroopers in the peace-keeping contingent on the territory of Croatia and Bosnia-Herzegovina today — IF).

Grachev dismissed as a fiction the report that Serbian troops have taken Russian servicemen hostage.

Russian peacekeepers have been "superbly" coping with what they were assigned to do, Grachev said, adding that "in the sectors where Russian servicemen are stationed, order has been maintained in principle, and no active combat actions have erupted."

Answering journalist questions, Grachev refused to comment on the possible results of a Russian-Ukrainian summit on the fate of the Black Sea Fleet. At the same time, he confirmed his knowledge of preliminary understandings on this problem between the delegations of Moscow and Kiev. "The fact that President Boris Yeltsin will fly to Sochi on June 8 to meet with Ukraine's President indicates that there has been some headway towards resolving the Black Sea Fleet issue," he said

On Tuesday, Grachev inspected an air-force college in the town of Zhukovskiy near Moscow, where he was able to view the performance of advanced Russian fighter-bombers.

Karasin: Russia Wants Reaction Force Role Clarified

LD0606231695 Moscow ITAR-TASS World Service in Russian 1408 GMT 6 Jun 95

[By ITAR-TASS diplomatic correspondent Yuriy Kozlov]

[FBIS Translated Text] Moscow, 6 Jun — So far the Russian side does not have a clear enough picture of the concept and functions of the rapid reaction forces in the former Yugoslavia, or of their link with the UN Protection Force [UNPROFOR] there. Steps are now being taken, by means of consultations with partners in peacekeeping operations and with the UN structures, to clarify what was in the mind of the initiators of this idea, which was put forward at the recent meeting of defense ministers of the countries of the European Union and NATO in Denmark.

"We understand the endeavor of a number of participants in the operation in Yugoslavia to take measures to improve the effectiveness of the fulfillment by the UN forces of the mandate given to them and to eliminate the possibility of a situation recurring where a considerable number of peacekeepers landed up as hostages," Grigoriy Karasin said. "We believe at the same time that one and the same operation cannot be simultaneously a peacekeeping and a coercive one. The systematic use of force will inevitably cancel UNPROFOR's basically humanitarian mandate."

A great deal of obscurity remains regarding what exactly the idea is behind the rapid reaction forces as far as the place and level of decisionmaking about their deployment, confirmation of tasks, "chain of command," and subordination is concerned, the Russian Foreign Ministry's official spokesman said.

At the present stage the Russian side's aim is to get as clear a notion as possible of the idea at issue, Grigoriy Karasin noted. Moscow proceeds from the fact that the main work on finalizing this idea will be conducted within the UN framework with the use of the corresponding procedure for making decisions, as has been laid down in the leading principles of the Contact Group, adopted during the recent meeting in The Hague.

Official on Bosnia Reaction Force, NATO Ties

LD0706140095 Moscow INTERFAX in English 1221 GMT 7 Jun 95

[FBIS Transcribed Text] MOSCOW, June 7 (INTERFAX) — Russia cannot ignore the fact that NATO took the decisions to bomb the Bosnian Serb positions and to send a Rapid Reaction Force to Bosnia without consultations with Moscow, Russia's Deputy Foreign Minister Nikolay Afanasyevskiy told INTERFAX Wednesday.

He said that the question of sending a Rapid Reaction Force to Bosnia was outside the limits of relations between Russia and NATO. "It's only a plan which is to be discussed in the U.N. security Council," he said. "This issue shows, however, that the reflex of partnership consultations between Russia and NATO does not work," he said.

He gave to understand that Russia considers it mature to conclude any additional documents on cooperation with NATO.

"Our NATO partners have proposed that either a charter or an agreement be drafted. But nothing has been said about their content," he said.

"The most important thing now," he continued, "is to concentrate on practical work to initiate real partnership between Russia and NATO," he stated.

"We've been only talking about such a partnership so far. The time has come to pass from words to deeds," said Afanasyevsky.

Moscow Sets Conditions for Backing Reaction Force

LD0706140195 Moscow INTERFAX in English 1221 GMT 6 Jun 95

[FBIS Transcribed Text] MOSCOW, June 7 (INTERFAX) — Russia will back plans to send NATO's rapid reaction forces to Bosnia if this decision does not lead to changing the existing mandate of UN forces in former Yugoslavia and assists in increasing their efficiency, Russia's First Deputy Foreign Minister Igor Ivanov declared in an interview with INTERFAX Wednesday.

"There is no doubt that the efficiency and security of the U.N. peacekeeping forces should be increased. Nobody has the right to make attempts on the lives of U.N. servicemen and take people who have the only aim in Bosnia, to establish peace, as hostages. Such actions deserve condemnation," he underlined.

In his words, the Russian Federation is ready for a constructive dialog with its partners in the contact group (the Russian Federation, the United States, Great Britain, France, and Germany - IF) on issues related to the decision of NATO's and the European Union's Defense Ministers to send NATO's 10,000 servicemen to help the U.N. peacekeepers. "However, there is no doubt that there should be no forces in Bosnia outside the U.N. mandate. This is the starting point of any discussion," Ivanov underlined.

He specially emphasized that authors of this plan underline that the rapid reaction forces which are likely to be made up of servicemen from Great Britain, France and Netherlands will act exclusively in the frameworks of the U.N.'s existing mandate.

Meanwhile, after his meeting with British Foreign Minister Douglas Hurd in London Wednesday, Russian Foreign Minister Andrey Kozyrev said that he had received reassurances that the existing mandate of the peacekeepers in Bosnia will not be changed even if NATO servicemen are sent there to help them.

Grachev Will Not Attend NATO Cooperation Council

LD0706104695 Moscow ITAR-TASS in English 1026 GMT 7 Jun 95

[By Mikhail Shevtsov]

[FBIS Transcribed Text] MOSCOW June 7 (ITAR-TASS) — The upcoming Russian-Ukrainian summit will not allow Defence Minister Pavel Grachev to attend the session of the North Atlantic Cooperation Council on Friday [9 June] in which his counterparts from the Central, Eastern and North European countries will participate.

"On that day Pavel Grachev will be in Sochi where a working meeting between Russian President Boris Yeltsin and Ukrainian President Leonid Kuchma will take place", Grachev's spokeswoman Yelena Agapova told Tass Wednesday.

Tass learned that Grachev's first deputy Andrey Kokoshin will not go to Brussels either.

On Thursday NATO Defence ministers will meet in Brussels to discuss the situation in ex-Yugoslavia and NATO expansion to the East. On Friday the session of the North Atlantic Cooperation Council is to take place and is expected to consider the situation in the Balkans, as well as the military aspect of the Partnership for Peace programme.

Possible Countermeasures Against NATO Pondered

954F2383A Moscow NEZAVISIMAYA GAZETA in Russian 23 May 95 pp 1-2

[Article by Marina Dobrovolskaya, chairman of a subcommittee of the Russian Federation State Duma Defense Committee, and military expert Vladimir Denisov: "Expansion Is Being Substituted for NATO's Transformation: But Russia Still Has Time To Take the Edge off the Seriousness of the Contradictions in Relations With the Alliance"]

[FBIS Translated Text] The events occurring at the present time in Europe, to which we are witnesses and participants, directly affect the interests of the countries and peoples and are, unfortunately, perhaps, a portent of serious consequences for the peoples, big and small, that live on the continent.

The disputes largely amount to a definition of new base approaches in an interpretation of the term "regional stability," in particular, "European stability." A general understanding has been achieved here, on the whole, of the fact that the world has not become more stable with the removal of the bloc confrontations. The reverse rather, on account of the weakening of the disciplining role of the "inter-command" struggle, many people have recalled their own "defects" and interests determined by strategic necessity and satisfied previously on the basis of the principle of collective expediency and sufficiency.

In the geopolitical plane stability may be understood as a state characterized by a balance of mutual interests and an absence of inducements to disrupt it on account of the possibility of the adoption of retaliatory and adequate measures signifying unacceptable consequences for each side.

With the passage of time there is little that has changed in the essence of the term itself, but there has been a change in what is most important—the situation to which this definition is applied. The barriers in Europe that once divided the continent into two hostile camps have collapsed. An unique opportunity is afforded, it would seem, for standing on the same side of the barricades and jointly engaging in a search for answers to the urgent and actual challenges of the present day, the dangerous formation of which was not spotted in good time by the participants in the Great Confrontation, and even if they had been seen, there was not enough in the way of forces and time to have become involved in this. As a result, the considerable negative potential of both interstate and domestic contradictions has accumulated, control of the nonproliferation of weapons of mass destruction and the techniques of their manufacture has been weakened, terrorism, international included, has assumed menacing proportions, there has been a deterioration in the state of the economy, and so forth.

All this has now been recognized, and the very need for a resolution of these problems while the process is still manageable is understood. It is gratifying that a collective approach to the search for effective measures of counteraction is being employed, in the main. There is evidence of shoots of a new understanding of international security. It is in a correlation of individual security and the security of the international community that the principle of indivisibility triumphs, otherwise there would be no point attempting to organize a common system, as is being done in Europe.

But not all is that simple. The enemy image created over decades has receded, but has not disappeared entirely. Mistrust and suspicion remain. Our condition may be compared with the feelings of a soldier of the front who from the customary thunder of battle has fetched up in the forgotten quiet of the rear and who is for this reason experiencing even greater anxiety, leeriness, and suspicion of surrounding reality. Of course, the present-day quiet is a relative phenomenon, but entirely applicable compared with the years of the cold war.

The most dangerous relapse in this situation would be a return to the old ways. And the essence of the old ways is bloc confrontation. The probability of this is quite high for the added reason that NATO, while feeling the objective need for some transformation and adaptation to the changed reality, remains, nonetheless, the sole military-political alliance in Europe with a clearly expressed defense focus with all the ensuing consequences.

There is no doubt that in the recent past the alliance in this capacity performed a certain stabilizing role both militarily and politically. But today the military component is more a destabilizing factor. The imbalance in these two sides of the single whole is preventing the leadership of the alliance from realizing many political initiatives, quite constructive included, which, incidentally, is recognized in NATO circles themselves also. It would seem that it is the military sphere that contains the main potential for the bloc's transformation into an organization blending in organically with the system of European security of the future. The military sphere contains, that is, specific, not abstract, criteria of the true transformation of the alliance.

Thus discussion of the criteria as such may and should be conducted on two levels: on the one hand concerning the criteria of the admittance of new states to the alliance, on the other, concerning the criteria of transformation of the bloc itself. The connection between these aspects is quite conditional, what is more, and the one should not be substituted for the other, however much certain circles in the West would like this.

Speaking of a transformation of the bloc's military organism, we refer primarily to the change in its bloc essence, the basis of which is composed of unified approaches in determination of the strategic interests of the alliance, the sources of military danger, and possible threats to these interests. This is the first base level, as it were, for possible transformation connected with a change in the conceptual approaches to the problem of common security under the influence of the changed circumstances. Thus far all the talk has been and continues to be only in this sphere, having no effect on the main superstructural layer of the actual results of the long defensive organizational development of NATO. Talk, and no more than that.

In principle, if we are to call things by their proper name, it should ultimately be a question of disintegration measures in the military sphere. But we should remain realists and not comfort ourselves with illusions, however pleasant they may be. Should such a course of events be expected? For a whole number of reasons, of course not.

First, there is in NATO an absence of unity in the understanding of the need for transformations on precisely these issues, to be more precise, there are no such intentions whatever. In addition, NATO is united in the fact that, despite recognition of the objective need for reforms within the alliance (without a specific clarification of which precisely), it should preserve the military capability for a rapid buildup of its forces and an adequate response to possible negative changes of the military-political situation in countries of East Europe and, primarily, Russia.

The example connected with the attempt to impart to the North Atlantic alliance a peacemaking function as a principal function of a future, allegedly renewed, alliance is sufficiently indicative in this respect. The events in Bosnia, however, have shown the manifest discrepancy between the bloc's structures and the principles of peacemaking devised under the aegis of the United Nations. A trend toward the elimination of such scissors by way of the harmonization of the principles of peacemaking with the corresponding possibilities of the bloc, not the other way about, is gaining momentum in the West in this connection.

Second, such changes would, naturally, entail the need for the alignment with them of the entire legal base of the operation of the alliance. Appreciable revisions of many key articles of the 1949 Washington treaty and, perhaps, the conclusion of a new agreement also would be required, which would in this situation seem problematical.

Third, such possible actions would, naturally, signify a lowering of the level of combat readiness of the military alliance as such. This would require, in turn, some compensatory measures from each NATO state, but only on a national scale. If we proceed from the principle that joint defenses are always cheaper than individual defenses, this argument also speaks against the prospects of a transformation of the bloc.

Fourth, it is perfectly natural that a transformation in this direction would not suit either the group of states which are candidates for priority membership of the alliance since it is the current level of joint military activity of the members of the bloc that ensures acquisition of the corresponding guarantees of their own security.

Fifth, it is essential also to consider the stable corporate interests of the staff of the huge bureaucratic apparatus which is concentrated in various managerial structures of NATO and which is not exactly burning with a desire to lose its home-like places of employment as a result of some organizational measures.

A number of additional arguments in support of doubts as to the possibility of the actual transformation of NATO could be adduced, but even these are quite sufficient. It may be said with confidence that the West long since arrived at the same conclusion, having successfully substituted for the true essence of transformation a simple quantitative expansion of the alliance and the need for the performance of peacemaking functions in crisis areas.

The conclusion that the North Atlantic alliance represents quite a rigid structure firmly bound by a unity of goals, missions, and methods of achieving them is natural in this connection. It would, therefore, be easier to dissolve the alliance than to transform it, but this is more from the sphere of fantasy, not real policy.

At the same time, on the other hand, consideration of this problem as such, in contacts with representatives of NATO at various levels included, should not be renounced altogether. It should be borne in mind only that for a long time to come we will be dealing with NATO as a military-political bloc in its primordial form and that we should not be harboring any illusions in respect to its possible transformation.

Having touched on the prospects of changes in NATO via the identification of certain criteria of this process and having satisfied ourselves of the unrealistic nature of their fulfillment any time soon, we should also, evidently, address the demands that are being presented as essential for the admittance to the alliance of new members. There is no need to repeat the sufficiently well-known positions on civilian control of the armed forces, the transparency of military budgets and questions of military planning, compatibility of the military structures, and so forth. Sufficient has been written about these problems, and the polemic is gradually nearing completion in expectation of conclusively formulated criteria which are to be documented at the 1995 NATO winter session.

The subject of the need for a settlement of bilateral relations with neighbor states, primarily with those that also are hoping for affiliation to NATO, has come to be discussed increasingly often as of late as one such criterion. Whether this demand will be officially enshrined in the documents of the alliance is still open to question, but it is worth considering it in more detail.

A common understanding of the fact that with the change in the geopolitical situation in Europe the level of stability in its central and eastern parts has declined considerably, that is, a kind of security vacuum has formed, has been reached internationally, in principle. But the understanding of the nature of this situation is ambivalent. It is no secret that almost all the states that have NATO aspirations are strenuously exploiting the proposition concerning the Russian military threat, Russian expansion, and so forth. Such a topic has for many of them become the main leitmotiv in justification of their affiliation to the North Atlantic alliance. The statements of certain East European leaders to the effect that "Europe may be either a United European States of Russia or a United States of Europe" can produce nothing other than a strong confrontational push against Russia.

But the groundlessness of such an approach is perfectly obvious even to the fledgling politician for two reasons. First, in the present situation, when Russia is experiencing a period of relative geopolitical weakness, the existence of unresolved domestic problems and the paucity of resources at its disposal do not allow of any serious talk about some claims on its part at the geostrategic level—it will be doing well if it can hold on to what it has. Second, the introduction of an additional charge of anti-Russian sentiments to the activity of the bloc's political structures could not be greeted with any enthusiasm in NATO. Over the many years of confrontation with the East, mainly with the USSR, a considerable psychological and physical fatigue built up in our opponents. Victory in the cold war did not come easily, everything was paid for, and for this reason the majority has no desire to repeat everything all over again. If, on the other hand, we adduce every conceivable calculation and the different ratios and potentials and so forth, a multitude of which have been put constructed and published, the groundlessness of the proposition concerning the Russian military threat to the countries of Central and East Europe as such is perfectly obvious.

Consequently, this approach cannot serve as confirmation of the fact of the existence of a security vacuum on the territory of a number of states of Central and East Europe.

But the problem exists, and the answer, evidently, should be sought in the analyses and forecasts that have as of late been made by many Western analysts and official structures of various international organizations characterizing the current situation in relations between the states of Central and East Europe themselves as potentially explosive.

In the opinion of a number of leading politicians of the West, conflicts in this region of Europe are a more likely cause of crisis than any other problems that exist in the modern world, and the friction in relations between some states is potentially far more dangerous than the interethnic conflicts in Bosnia. This friction could, unless the edge is taken off it, lead to one further war.

The European Union's advancement of the initiative known as the Stability in Europe Pact is in this connection a particular response to the urgent challenge of the current situation which has been brought about by the weakening of the traditional restraining ties between the states of Central and East Europe and which is thereby capable of initiating conflicts of varying intensity in this part of Europe.

Thus the proposition concerning the causes of the insufficient level of security in Central and East Europe is infused with entirely different content abruptly changing the vector of application of the requisite efforts for a resolution of this problem. In this case the problem becomes not only a concern of NATO (although no one even gave the alliance such authority) but of Russia also.

The fundamental importance of the advancement as a criterion of admittance to NATO of the need for the preliminary settlement of the current friction in mutual relations between countries of the region becomes obvious against this background. But NATO is well aware that were this path to be taken, the process could drag on for many years and is, besides, fraught with the danger of the appearance of increasingly new nuances in the mutual relations, anticipating which in full at this stage would not seem possible. And Russia also could preserve its influence on these processes to a certain extent. In addition, as the seriousness of the current problem in Central and East Europe is alleviated, the need for an expansion of the bloc, as a disciplining factor, would be perceived increasingly less. In other words, would there continue to be the possibility of the expansion of NATO under the new conditions if the necessary level of security in the region were ensured even without it.

On the other hand, were this demand not to be made a preliminary condition for the states joining NATO but left for subsequent internal consideration, the alliance would run the risk of acquiring in its structures additional complications and tension, of which there is perfectly sufficient even now.

Considering all these views and approaches, a lively debate on this matter is developing in government circles of the West at this time, demonstrating yet again that the formulation of the criteria of membership of NATO is quite complex and ambiguous since it affects the interests not only of those whom it is intended admitting but also of the states remaining off this "list."

NATO is in principle faced with a dilemma: either to resolve this problem by way of the "absorption of the zone of instability," taking a resolution of the whole problem upon itself and sidelining Russia from participation in it, which, undoubtedly, could not fail to be reflected in future relations with it in the sense of maintenance of the requisite level of mutual security, or, developing a special relationship with Russia and preserving the status quo in Central and East Europe, to contribute in conjunction with the Russian Federation to a strengthening of security in this region. Considering the influence and political weight of NATO and Russia, the second path would seem more promising.

By and large, the NATO leadership's approach to this problem contains the true essence of the intentions of the alliance—either the joint elimination of the security deficit in Central and East Europe or, on the other hand, an attempt to further isolate Russia from participation in European affairs. It is still too early to give an unambiguous answer. The further course of the debate in NATO and the clarification of the situation as the winter session approaches will provide an answer to all the questions and show which trend will prevail.

In this situation Russia continues to have, nonetheless, certain room for maneuver on these problems largely depending on the presence of a scrupulous position, political will, and a practicable set of instruments.

The debate that has unfolded both in NATO and in Russia itself on the compensation on the part of the alliance in the event of its expansion and also on possible Russian countermeasures in relation to this process has been of a relatively scrupulous nature. It is known that a package of compensation measures is being devised in NATO circles, but the first statements of officials in this connection confirm the assumption that we will not be offered anything serious. We may on this basis draw a conclusion as to the importance for the NATO leadership not so much of the results of possible agreements as of the mere fact of Russia's participation in the so-called bargaining process.

Considering that this topic could give rise to serious differences in the approaches between NATO and Russia, the idea of the infusion of the compensation measures with new content differing fundamentally from the former interpretation would seem quite interesting. It is based on a change in approach to determination of the addressee and of the actual essence of the compensation measures. That is, a transfer of the vector of the possible focus from Russia to the states of Central and East Europe experiencing a particular security deficit complex.

Quite a large amount of work on the structuring of this deficit would have to be performed here. It is essential to sort out on what the perfectly understandable concern of certain states of Central and East Europe for their security is based. Extensive opportunities for the development and further intensification of contacts on this problem both with countries of the West and with the states demanding perfectly specific security guarantees for themselves would be afforded in the course of this work.

Only in the course of open and honest dialogue would it seem possible to determine the specific place of the so-called "Russian threat" in the overall structure of common threats to the countries of Central and East Europe and also the role and place of other challenges affecting in this way or the other the interests of their security. This is quite a nontraditional approach, but it could, to a certain extent, dot all the "i's."

As we have discussed earlier, there are quite convincing arguments calling in question the actuality of the "Russian military threat" in relation to the states of Central and East Europe. A broad international discussion of the entire set of problems connected with the situation in this part of Europe could contribute to an alleviation of the seriousness of all the contradictions, the more extensive enlistment of authoritative international organizations in this process, and to more optimum ways out of the quite complex situation being found.

In principle, such work on the part of Russia should have been initiated at an earlier stage of the tying of the "knot of contradictions." We could now, therefore, complain to a certain extent about lost opportunities also, but a small reserve of time remains, and the importance of the matter that is being raised is indisputable, consequently, a return to it would seem perfectly justified and logical also.

On the other hand, this path would to some extent play a positive part in unlocking broader contacts, at the top level included, between Russia and its former socialist camp allies. The influence of the time factor, which, as we know, heals wounds and smoothes over the seriousness of the original emotions following the completion of "divorce" proceedings, should be added to this also. Thus anticipating the possible polemic in respect to some compensation for Russia in response to the expansion of NATO, it would be expedient even now to infuse this idea with different content in the form of a set of compensation measures for the elimination of the security vacuum for states of Central and East Europe by way of the transformation of bilateral Russia-NATO contacts and Central and East European-NATO contacts into a "triangle" of stable relations in the shape of the states of Central and East Europe, NATO, and Russia.

The present hardening of the Russian position in relation to the prospects of an expansion of NATO is entirely explicable and logical since it would affect the national security interests of the Russian Federation. For this reason the elaboration of a package of practicable and precisely calibrated countermeasures in relation to this process is, perhaps, one of the most important and at the same time complex tasks of all state institutions.

The difficulty consists not only of the determination of the actual measures themselves but also of the sensitive detection of all the least changes in the situation, the realistic forecasting of possible negative consequences, and the requisite dose of pressure on the actual processes. In this connection the advancement, as a countermeasure, of the idea of the further development of the system of collective security in the space of the CIS with its possible transformation subsequently into a defensive alliance would not seem sufficiently convincing for a whole number of reasons.

First, there are certain doubts as to the existence of a unity of views on the practical realization of this idea among the states of the Commonwealth. First, even were the idea to be realized, the newly formed defensive alliance would militarily be far from the Warsaw Pact or even the USSR. There is no call, therefore, for speaking of the achievement of some military parity in the future. Third, such steps could signify a revival of the spirit of the cold war, elements of the former arms race, and, ultimately, bloc opposition. In the present situation we are not prepared for this either economically or financially. Fourth, such actions would considerably restrict freedom of maneuver in the political and military spheres and narrow, in the future, the base for bilateral relations and contacts. Fifth, there is a high probability that in the propaganda plane success would not be on our side, and the world community would once again acquire an image of the "evil empire."

Thus while recognizing the objective need for Russia's formulation of certain countermeasures in various fields in the event of NATO's eastward expansion becoming a reality, it is essential to make a more level-headed assessment of the consequences of such steps, seeing the essential differences between practical actions and rhetorical statements of intent.

It should be said in conclusion that Russia is, of course, in quite an adverse situation geopolitically. Many processes are developing other than we would wish or not in the direction that we would like. But, in chess terms, Russia has not yet conclusively lost so involved a game of so many moves. Until the West has formulated a common approach both to the criteria and timeframe of admittance and to the composition of the candidate countries, Russia still has a reserve of time for thinking through and making the most precise and strongest moves. Everything will depend merely on the composition of the team and the professional standard of the players.

CIA Seen Protecting U.S. Business Interests

MM0706103595 Moscow ROSSIYSKIYE VESTI in Russian 7 Jun 95 p 3

[Article by RIA-NOVOSTI political observer Vladimir Simonov specially for ROSSIYSKIYE VESTI: "Russian Business Complains About Opposition From U.S. Intelligence"]

[FBIS Translated Text] Suppose Russian girl Masha is cozying up to U.S. diplomat Bob working in Moscow. A few years ago the U.S. authorities would probably have suspected a KGB setup. They were wanting to tempt poor Bob, then photograph and blackmail him.

Today the authorities take a different view. They admit that Bob and Masha may have a deep, meaningful relationship. U.S. diplomats working in Russia have just been given official authorization to have romantic relationships with the local population. Admittedly, they must subsequently report back to their bosses. What is more, the main contingent of young unmarried Americans — the Marines guarding the embassies — are still denied the right to romance.

Nevertheless this is gratifying news which presumably pleases both the Russian local population and the diplomats.

However, it still does not follow that Russia has ceased to be an object of particular concern and interest for the Western special services. In particular the CIA. Even after the end of the Cold War Russia must come under constant surveillance, former CIA Director James Woolsey said during hearings in the U.S. House of Representatives Intelligence Committee.

Only the priorities and the targets of this intelligence activity are changing. Now, in Woolsey's view, the CIA should take an interest in the battle between groupings among Russian Army highups, monitor the storage of fissionable materials, and investigate new Russian weapons. And something else that has been mentioned so loudly and frankly for perhaps the first time. To use Woolsey's words, the "complex and dangerous partnership between Russian business, organized crime, and the power ministries, including Russian intelligence."

This is the first time that this charge has been leveled at the Russian business world within the U.S. Congress. However, this idea has long been used by the CIA to organize a slander campaign in the Western mass media against Russian commercial structures, primarily Russian banks striving to open branches abroad.

There are many examples of this kind. Thus, the WASHINGTON TIMES published an article by Bill Gerts [surname as transliterated] 5 December last year aimed at discrediting the popular Russian bank "Menatep." Incidentally, in his circles Gerts is called a "journalist in uniform" owing to his close contacts with the special services. Citing a secret CIA report, he said without grounds that all Russia's commercial banks have links with the mafia. But for some reason only "Menatep" was mentioned by name.

Here is another example. In June 1994 an article headlined "The KGB Is the Largest Mafia in Russia" appeared in THE WALL STREET JOURNAL. It associates the activity of the prosperous Russian financial and industrial group "Most" with the KGB. "Most" filed charges and the newspaper was forced to apologize.

The "Gazprom" gas and oil association and the Russian Ministry of Atomic Energy are regularly subjected to the same kind of bespoke attacks in the Western mass media, patently emanating from offices like the CIA. The former evidently for trying to get rid of parasitic Western brokers. The latter for its pricing rivalry in the market in fissionable materials.

As for the banks, the following rule has been noted there: Sordid, slanderous articles usually appear on days when "Most-Bank," "Menatep," or some other bank is beginning to think about opening branches in the United States or Europe.

Russian businessmen think that there are at least two reasons for this deplorable phenomenon.

First, Western special services, primarily the CIA, are zealously protecting the interests of their U.S. entrepreneurs and doing their utmost to stop Russian competitors infiltrating the foreign market. During the post-Cold War era James Bond has as it were gone into business.

Second, the CIA has not gotten over the trauma of the Aldrich Ames affair. The intelligence service is now experiencing difficulties owing to the cut in its budget, the general declining morale in its ranks, and the U.S. public's new contemptuous attitude. The agency urgently needs to seek new enemies and exhibit them for U.S. legislators. A sinister symbiosis between Russian business and organized crime is evidently seen in the CIA's eyes as best suited for that role.

Naturally, everything that I have said does not rule out the possibility of a deep, pure love affair between young Masha and Bob the diplomat.

Reports on Ukrainian Arrest of Spy 'Absurd'

LD0606133895 Moscow INTERFAX in English 1228 GMT 6 Jun 95

[FBIS Transcribed Text] MOSCOW, June 6 (INTERFAX) — The press secretary of the director of the Foreign Intelligence Service, Tatyana Samolis, has called absolutely absurd media reports that Ukrainian special services have detained a Russian spy with classified ship blueprints in Crimea.

In a Tuesday interview with INTERFAX she said that Russia and Ukraine have an agreement under which both sides pledged not to conduct intelligence operations against each other. "Russia strictly abides by the agreement," Samolis stressed.

She said that the reports about a Russian spy in Ukraine are so absurd that they do not even deserve comment.

Kozyrev Begins Official Visit to United Kingdom

Arrives for Two-Day Visit

LD0606112295 Moscow ITAR-TASS World Service in Russian 1014 GMT 6 Jun 95

[By ITAR-TASS correspondents Vladimir Voronkov and Dmitriy Gorokhov]

[FBIS Translated Excerpt] London, 6 Jun — Russian Foreign Minister Andrey Kozyrev arrived in Great Britain today on a two-day official visit. [passage omitted]

Receives Assurances on Bosnia Mandate

LD0606155895 Moscow ITAR-TASS World Service in Russian 1521 GMT 6 Jun 95

[By ITAR-TASS correspondents Vladimir Voronkov and Dmitriy Gorokhov]

[FBIS Translated Text] London, 6 Jun — Russia has received official assurances from London that the current mandate of the UN peacekeepers in Bosnia and Herzegovina will be preserved. This does not, however, rule out the elaboration of measures for effectively ensuring the safety of "the blue helmets" within the framework of this mandate. A. Kozyrev reported this important outcome of the first round of talks which took place here today with British Foreign Secretary Douglas Hurd and Defense Secretary Malcolm Rifkind. The Russian foreign minister is in the British capital on a two-day visit.

Naturally, we are concerned about the position of the Russian servicemen who are part of the international forces in Bosnia, he continued, and we are prepared to consider, with our partners and within the framework of the United Nations, all possible mechanisms for their personal protection. The path toward a settlement in Bosnia and Herzegovina, the minister stressed, lies through a cease- fire and intensive political steps on the basis of the plan of the "Contact Group" which includes representatives of Russia, Britain, the United States, France, and Germany.

Discusses Bosnia With UK Ministers

LD0606174995 Moscow ITAR-TASS World Service in Russian 1630 GMT 6 Jun 95

[By ITAR-TASS correspondents Vladimir Voronkov and Dmitiry Gorokhov]

[FBIS Translated Text] London, 6 Jun — The Western partners have agreed with Russia's opinion that it is necessary to maintain the UN peacekeeping mandate in Bosnia-Herzegovina in its present form. Russian Foreign Minister Andrey Kozyrev, who is here on a two-day visit, received reassurances from official London that the new plans for the Bosnian settlement proposed by the West and debated in the last few days at several different meetings are still within the UN mandate and are not aimed at creating military structures outside the "blue helmets" contingent.

The Russian minister, who had a meeting with his British counterpart Douglas Hurd and Defense Minister Malcolm Rifkind, underlined that no special NATO "additional contingent" in this context was mentioned at the talks. Kozyrev said that the Russian side is prepared to discuss measures that would increase the effectiveness of the defense of the UN subunits stationed in Bosnia. "No one is against the strengthening of the peacekeeping forces in their present form," Kozyrev continued. "Russia has always spoken against the withdrawal of the 'blue helmets' from Bosnia, proposing instead that their effectiveness should be increased."

We are naturally anxious about the situation of the Russian servicemen who are part of the international forces in Bosnia, he went on, and we are examining with our partners within the UN framework all possible mechanisms for their personal protection. "Everything that can be done to ensure that the peacekeepers feel safe must be done."

The head of the Russian Foreign Ministry warned at the same time against any intentions to turn the peacekeeping activities into an operation to punish the other side. He described the recent air strikes by NATO planes on Bosnian Serb positions in this connection as "an extremely unfortunate move.

The path toward a settlement in Bosnia-Herzegovina, the minister stressed, lies through a cease-fire, and also intensive political steps based on the plan of the Contact Group, including the representatives of Russia, Britain, the United States, France, and Germany.

The head of the British Foreign Office stressed at the end of today's round of talks that, taking into account the dramatic development of the situation in Bosnia-Herzegovina, it is important to maintain close dialogue with Russia. He did not rule out the need to adopt a new UN resolution which, while preserving the mandate and basic objectives of the contingent, would ensure the safety of the servicemen. The opposing sides in the Bosnian conflict should agree with the peace plan of the Contact Group. This would become the starting point for further talks on territorial division and constitutional issues.

Welcomes Release of Peacekeepers

LD0706124695 Moscow ITAR-TASS in English 1206 GMT 7 Jun 95

[By Vladimir Voronkov and Dmitriy Gorokhov]

[FBIS Transcribed Text] LONDON June 7 (ITAR-TASS) — Russian Foreign Minister Andrey Kozyrev and British Prime Minister John Major welcomed during their Wednesday [7 June] meeting the release by Bosnian Serbs of UN peace-keepers and agreed that energetic efforts were necessary to have the remaining hostages freed.

Most of the 45-minute meeting was devoted to the situation in Bosnia and Kozyrev and Major also urged the warring sides to cease fire and ensure progress in political settlement of the conflict, a spokesman of Major's office told Tass.

Major and Kozyrev also discussed the Chechen crisis and the British Prime minister expressed concern over civilian casualties in the rebel republic.

He called on Russia to ensure an early political solution to the Chechen crisis through cooperation with the Organisation for Security and Coopetration in Europe.

Major and Kozyrev also briefly discussed the upcoming G-7 summit in Halifax in which President Boris Yeltsin is to participate. They focused mostly on those problems which Major and Yeltsin plan to discuss during their personal meeting in Halifax.

Kozyrev also extended to Major a personal message from Yeltsin in which the Russian President thanks the

British Prime minister for the warm words which he addressed to Russia during the celebrations of the 50th anniversary of VE-Day in Moscow.

Iraq's 'Aziz Confers With Davydov

JN0606134195 Baghdad INA in Arabic
1135 GMT 6 Jun 95

[FBIS Translated Excerpt] Moscow, 6 Jun (INA)—[Iraqi] Deputy Prime Minister Tariq 'Aziz has met in Moscow with Oleg Davydov, deputy chairman of the council of ministers and minister of foreign economic relations.

Discussions dealt with bilateral relations and ways of developing them in the national interests of both friendly countries and peoples.

The meeting was attended by 'Amir Muhammad Rashid, director of the Military Industrialization organization, and Dr. Hasan Fahmi Jum'ah, the Iraqi ambassador to Russia. [passage omitted]

Karasin on Sharing Iraqi Hope of Lifting UNSC Sanctions

LD0606160895 Moscow INTERFAX in English
1540 GMT 6 Jun 95

[FBIS Transcribed Text] MOSCOW, June 6 (INTERFAX) — Iraq's course to implement the resolutions of the U.N. Security Council promotes progress in easing and eventually lifting the anti-Iraqi sanctions, an official spokesman for the Russian Foreign Ministry, Grigoriy Karasin, told a briefing in Moscow Tuesday.

According to Karasin, Russia has repeatedly stated this during the working visit of Iraqi Deputy Prime Minister Tariq 'Aziz to Moscow.

Karasin said "'Aziz declared the Iraqi leadership's firm intention to stick to the course of constructive cooperation with the U.N. security Council and the U.N. special commission for Iraqi disarmament headed by Rolf Ekeus." "The Iraqi deputy prime minister said Baghdad hoped for the U.N. security Council to fulfill its obligations under resolution 687 as Iraq implements the demand of the world community," he added.

Karasin emphasized that "Russian Foreign Minister Andrey Kozyrev, who met Tariq 'Aziz in Moscow, agreed with this approach."

Foreign Ministry Denies Moscow-Taipei Mission To Be Opened

LD0606132095 Moscow ITAR-TASS in English
1257 GMT 6 Jun 95

[By Andrey Kirillov]

[FBIS Transcribed Text] MOSCOW, June 6 (ITAR-TASS) — The Russian Foreign Ministry today denied the Taiwan Foreign Ministry's announcement that a mission of the Moscow-Taipei Coordination Commission for Economic and Cultural Cooperation would be opened on the island in August.

"This report shows, most probably, that the Taiwan authorities are interested in the opening of such a Russian mission," a well-informed expert of the Russian Foreign Ministry said, adding that his Ministry had not received any decision from the Russian government to open a mission on Taiwan.

The opening of such a mission, called upon to protect the business and other interests of Russians on the island, was planned for the end of 1994 or the beginning of 1995, but then, due to not very clear reasons, the process was suspended. The Taiwan mission in Moscow opened in July 1993.

The Russian Foreign Ministry expert noted the imperative need of a Russian mission on Taiwan, with which Russia has "sufficiently good relations". The 1994 Russo-Taiwan trade, in terms of value, amounted to 1.2 billion U.S. dollars. This year the trade turnover is expected to reach two billion U.S. dollars and Taiwan will then rank among Russia's five leading trade partners in East and Southeast Asia.

The Russian expert noted Taiwan's "need and readiness" to promote relations with Russia in the sphere of high technologies, including through investments in the most advanced sectors of the Russian industry.

Political Issues

Yeltsin Writes to Rybkin on Duma Election Law

LD0606174895 Moscow INTERFAX in English 1627 GMT 6 Jun 95

[From the "Presidential Bulletin" feature No. 105 (849): compiled by Nikolay Zherebtsov, Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] President Boris Yeltsin views as constructive the efforts of the conciliatory commission consisting of representatives of the president, Duma and Federation Council to rework the Duma election law. The assessment was made in a letter to the Duma speaker Ivan Rybkin sent in reply to the May 24 appeal of eight out of 12 Duma groups to withdraw the presidential veto on the election law.

Yeltsin shared the view of the deputies about the importance of the law and its necessity for preserving public accord before the elections. "For this very reason I used my constitutional right and returned the said law to the State Duma because an unacceptable situation emerged in which the key law became a subject of acute differences between the two houses of the Federal Assembly, especially because it threatened the adoption of the law on the formation of the Federation Council," the letter said.

Yeltsin said that the procedure of withdrawing a veto is not provided for by acting legislation but expressed confidence that the conciliatory commission will manage to bring closer the approaches of the sides and adopt a better election law in the interests of all Russians.

On Monday the conciliatory commission failed to work out an acceptable version of the law. This was disclosed to the press by Yelena Mizulina, Deputy Chairman of the Federation Council Committee for Constitutional Legislation.

According to her, representatives of the upper house agreed with the Duma consisting of an equal number of deputies elected according to party tickets and directly by voters (225 and 225) but demanded a number of amendments restricting the number of deputies from the capitals.

For instance, election coalitions are invited to make their lists in proportion to territories, so that one region would be represented by not more than 30 percent of candidates on party lists. Only eight candidates from each party will not have to represent the provinces (amendment by Igor Lukashov, Yabloko).

According to Mizulina, Federation Council members also suggested binding candidates running according to party tickets and as territorial representatives to collect 200,000 signatures of supporters for registration. Under a previous version they were freed from this qualification, if their election coalition had the necessary public support.

At the session of the commission Duma members supporter only the latter amendment but disagreed with amendments restricting the number of candidates from the capitals.

The conciliatory commission will meet again Thursday.

Nikolay Kharitonov (Agrarian) told INTERFAX that at the session the presidential political advisor Georgiy Satarov read out the letter from Boris Yeltsin urging the sides to find a compromise decision.

After the session Satarov told the press that President Yeltsin is ready to sign the election law, if the two houses of the Federal Assembly agree on its controversial provisions.

According to Satarov, on Monday the commission discussed only one question — the correlation between deputies elected directly by voters and elected according to party tickets.

IF Note: Yeltsin disagreed with the suggestion to elect equal numbers and suggested changing the correlation to 300:150 in favor of territorial representatives.

Satarov said Federation Council members supported Lukashov's suggestion to radically reduce the number of Moscow candidates on federal party lists by increasing the number of provincial candidates.

According to him, the greatest resistance to the proposal came from Communists and Agrarians. The Liberal-Democratic leader Vladimir Zhirinovskiy disagreed with the suggestion of the Federation Council approved by the majority of conciliatory commission members to collect one percent of voters' signatures (about 50,000) for candidates running in majoritarian electorates.

Yeltsin Amends Statute on Control Administration

MM0706102895 Moscow ROSSIYSKAYA GAZETA in Russian 6 Jun 95 First Edition p 3

[Edict No. 540 of the Russian Federation president "On Making a Change to the Statute on the Russian Federation President's Control Administration," dated Moscow, the Kremlin, 29 May 1995 and signed by Russian Federation President B. Yeltsin]

[FBIS Translated Text] In connection with the current reduction of staff numbers of the Russian Federation president's Control Administration I decree:

1. As a partial change to the Statute on the Russian Federation President's Control Administration approved

by the Russian Federation president's Edict No. 1015 of 24 May1994 "On the Control Administration of the Russian Federation President" (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1994, No. 5, p 402) Point 9 of the said statute is to read as follows:

"The administration is headed by a chief who is appointed to the post and released from it by the Russian Federation president. The administration chief has three deputies, including one first deputy, who are appointed to the post and released from it by the Russian Federation president. The administration chief is ex officio first deputy leader of the Russian Federation Presidential Staff."

2. This edict comes into force the day it is signed.

[Signed] B. Yeltsin, president of the Russian Federation. 29 May 1995.

Media Issues

Yeltsin, Ignatenko See Enhanced Professionalism in Media

LD0606175195 Moscow INTERFAX in English 1627 GMT 6 Jun 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, and edited by Vladimir Shishlin]

[FBIS Transcribed Text] Russian President Boris Yeltsin met with Federation Council Chairman Vladimir Shumeyko and State Duma Chairman Ivan Rybkin in the Kremlin on Tuesday.

The president's press service reports that the talks dealt with current work on legislation, above all prospects for the adoption of laws on elections to the Federation Council and State Duma.

Variants of compromises that might accelerate this work were also discussed.

On the same day, Yeltsin received ITAR-TASS Director-General, Vice Premier Vitaliy Ignatenko to discuss Russia's information policies.

He stated with satisfaction that the press was working more professionally and independently now, the same source reports.

Both officials emphasized the importance of state support for the federal and regional media. Also, social guarantees for journalists were discussed.

Yeltsin also received Minister for Emergency Situations Sergey Shoygu to discuss aid to the quake victims in Sakhalin. All allocations made for this purpose have been transferred to Sakhalin, they stated. Yeltsin supported the proposal for providing the quake victims with housing certificates. Both officials said that the strength of the rescue forces in the zones of potential natural disasters must be increased, the president's press service announced.

Military & Space Issues

Northern Fleet Ballistic Missile Launch Delayed

LD0606145095 Moscow INTERFAX in English 1234 GMT 6 Jun 95

[FBIS Transcribed Text] MURMANSK, June 6 (INTERFAX) - The launching of a ballistic missile with a German ZARM module from a Delta-4 Russian submarine of the North Fleet, scheduled for Tuesday, was put off for one day due to unfavorable weather conditions, INTERFAX was told by the fleet's command.

The project is in line with an agreement between the Makeyev Rocket Center (Russia) and ZARM space company (Germany) and is aimed at studying processes taking place in the Earth's core.

Launch Proceeds After Delay

LD0706105995 Moscow INTERFAX in English 0917 GMT 7 Jun 95

[FBIS Transcribed Text] MURMANSK, June 7 (INTERFAX) — A ballistic missile with a scientific module belonging to the German company ZARM was launched from an atomic submarine assigned to Russia's North Fleet at 2:00 a.m. of June 7.

The press center of the North Fleet reported to INTERFAX that the aim of this experiment is to study processes going on in the earth crust, the agreement on this experiment was signed between the State Space Center named after Makeyev and the German firm ZARM. In the course of 20 minutes of the flight in the state of weightlessness there took place a process of convection (mixing) of a special liquid which imitated magma between two sphere made like layers of the earth crust. All stages of the experiment have been videotaped, the videotape will be the major material for further research works.

According to the North Fleet press center, the experiment was a success and about 2:30 a.m. the reusable booster with the module landed near the Far Eastern peninsular of Kamchatka.

This is the first experiment implemented by the North Fleet. Its cost is in the rage of 20 to 30 million dollars.

U.S. Astronaut Sets Endurance Record on Mir

LD0606151995 Moscow INTERFAX in English 1234 GMT 6 Jun 95

[FBIS Transcribed Text] MOSCOW, June 6 (INTERFAX) — U.S. astronaut Norman Thagard now on Russian orbital station Mir together with two Russian cosmonauts set a national space endurance record Tuesday, INTERFAX was told by the Flight Control press center.

Thagard has been in space for 85 days. The previous record of 84 days was set by three astronauts aboard the Skylab in February 1974.

NASA Director Daniel Goldin is expected to congratulate Thagard on the record Tuesday evening.

Thagard is to return to earth at the end of June on the U.S. Atlantis spaceship together with his Russian crew mates Vladimir Dezhurov and Gennadiy Strekalov. The docking of the space shuttle and Mir is scheduled for June 25.

Mir Crew Observes Earthquake Zone

LD0606223095 Moscow ITAR-TASS World Service in Russian 1712 GMT 6 Jun 95

[By ITAR-TASS correspondent Veronika Romanenkova]

[FBIS Translated Text] Moscow, 6 Jun — The U.S.-Russian crew working on the Mir orbital complex is monitoring the catastrophic consequences of the earthquake in Sakhalin, crew commander Vladimir Dezhurov told an ITAR-TASS correspondent at a news conference today.

"Unfortunately, we did not notice any of the signals predicting that earthquake due to a heavy cloud problem," Dezhurov said.

In principle, it is possible to monitor the processes happening prior to national disasters. Unfortunately, we do not yet have any sophisticated equipment at our disposal which could have been used for "space forecasts," Dezhurov said.

Federal Assembly

Opposition Movement Contender in Elections

954F2453A St. Petersburg NEVSKOYE VREMYA in Russian 30 May 95 p 1

[Interview with Dmitriy Rogozin, chairman of the executive committee of the Congress of Russian Communities, by Igor Arkhipov; place and date not given; under the "Firsthand" rubric: "Dmitriy Rogozin: The Kremlin Considers Communities the Third Force...."]

[FBIS Translated Text] [Arkhipov] Almost two months ago, at the Third Congress of Russian Communities in Moscow, the creation of a huge opposition movement headed by Skokov, Lebed, Govorukhin, and Glazyev was announced. Then the excitement around it turned to silence—does it mean that you will not take part in the election race?

[Rogozin] Before announcing the start of an election campaign one needs to at least know that it will in fact begin. Today the KRO [Congress of Russian Communities], which has already become an all-Russia political movement, is working most intensively on strengthening its regional branches. Since we see the upcoming elections only as a means to realize goals, we are building the movement looking 10-15 years ahead, and promoting the most attractive young people who will be in demand as potential managers of the Russian state. Finally, we are finishing organizational preparations for the Congress of Peoples of the Russian Federation, planned for the end of July—and then definitely everyone will hear about us!

[Arkhipov] The KRO has many leaders—are you not afraid that they will simply split the movement?

[Rogozin] I am not concerned about that—a serious political movement should have as many leaders as is necessary to form a cabinet!

[Arkhipov] Where does the KRO stand in the political spectrum in relation to the blocs being created by Chernomyrdin and Rybkin?

[Rogozin] I will cite the evaluation of some very serious presidential staff analysts—I have this information. The Kremlin currently assumes that three major forces will battle it out in the upcoming elections. They are the Agrarian Party, which in the final analysis will become the "Accord" bloc designed with Rybkin in mind. Next, Russia Is Our Home (although, in my opinion, the party of power in reality will never become a broad-based movement—this is only an attempt to use the budget and apparat to preserve the status quo). The third force is the KRO as an opposition which, from their standpoint, is "sane" and possible to reach agreement with....

[Arkhipov] What kind of relations will the KRO have with other opposition forces—for instance, the CPRF [Communist Party of the Russian Federation] or Derzhava?

[Rogozin] We look at all instances of potential cooperation on the basis of this scale—partners, allies, and fellow travelers. Therefore we either include an organization's representatives in our lists or come to an agreement on cooperation. I do not think that currently an alliance with the CPRF as a whole is possible. I do want to point out, however, that currently among KRO collective members are many regional trade union organizations ("social- professional unions") and goods producers associations—structures that were until recently the CPRF's base. We are leaving it to the regions to resolve these issues. A union with Derzhava is unacceptable for us. Rutskoy advocates restoration of the USSR, which is impossible until Russians themselves get organized—otherwise they will find themselves dependent on other peoples! Neither is Rutskoy personally acceptable—as a leader who bears responsibility for the bloodshed in October 1993.

The KRO's main priority is to ensure, together with other opposition forces, that elections to the Duma are held on time, to ensure that monarchy is not imposed or the elections postponed with the excuse of another war or struggle against terrorism. Next, the elections must be monitored, from signature collection to vote counting, in parallel with the so-called "electronic method." And, once we gain a majority in the Duma, we will insist on holding presidential elections on time and in compliance with democratic procedures.

Progress on Election Law Reconciliation Viewed

MM0706111295 Moscow PRAVDA in Russian 7 Jun 95 p 1

[Report by Ivan Boltovskiy: "Conciliation Commission Approaches Accord"]

[FBIS Translated Text] The second session of the Conciliation Commission on the Federal Law on Elections of State Duma Deputies has been held. A letter from the president, who promised to sign any law on condition that the differences in the positions of the two chambers of parliament are surmounted, was read aloud.

The commission members easily reached accord on the wording of Article 44 — it now imposes a ban not on working in executive structures during the election campaign, but on the exploitation of one's official position. An amendment to the effect that elections are deemed valid if at least half the electorate participates in them was rejected without debate — the lower threshold, as noted in the law, will be equal to 25 percent.

Deputy V. Isakov, chairman of the conciliation commission, reported that representatives of the Federation Council had taken a step toward the State Duma deputies by accepting the version of electing 225 Duma deputies from single-seat districts and 225 on party lists. At the same time it was agreed that a majority of parliamentarians must represent the regions. A. Lukyanov, member of the Communists' faction, emphasized that the Communist Party of the Russian Federation agrees that politicians from the capital should make up no more than 10 percent of the party lists. The commission also agreed that the candidates included on party lists may be nominated for single-seat districts.

On behalf of the Communist Party of the Russian Federation Lukyanov supported R. Abdulatipov's proposal that workers and peasants should make up at least 30 percent of the candidates.

Stability Group Joins Chernomyrdin's Bloc

LD0606145795 Moscow INTERFAX in English 1234 GMT 6 Jun 95

[FBIS Transcribed Text] Moscow, June 6 (INTERFAX) — On Tuesday the Stability group in the State Duma decided to join the Russia Is Our Home movement led by Prime Minister Viktor Chernomyrdin, the group's cochairman Aleksey Lushkin told INTERFAX.

According to him, only one member of the group opposed the decision. The Stability group's decision to join the Chernomyrdin bloc will be officially registered on Wednesday, Lushkin said.

On Thursday the Stability group will elect its leader, he noted. Until now, five cochairmen and a coordinator for political issues stood at the head of the group.

The Stability group includes deputies elected from one-mandate districts representing Russian regions.

Duma Speaker Rybkin Interviewed

MM0706095995 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 2 Jun 95 pp 1, 7

[Interview with Russian State Duma Chairman Ivan Rybkin by political observer Mikhail Gurevich; place and date not given: "Ivan Rybkin: Common Sense Is Sometimes Lazy"]

[FBIS Translated Text] The speaker is not afraid of intelligent opponents, but he is certain that "democracy means always having a choice. There must be no choiceless systems." He is convinced that "the vast majority of people share commonsense positions."

[Gurevich] You are being described as a possible presidential candidate. Do you describe yourself as such?

[Rybkin] I do not describe myself as such. I am preparing myself for the State Duma elections. The presidential election is still a long way off, Boris

Nikolayevich Yeltsin is the incumbent president and to talk about this is at the very least improper. But many people are in a rush to run for president, think that they have to declare this early, and believe that Russia will not be able to do without them. I am profoundly convinced that Russia can do without all of them and will do without them in the future.

I think that a leader on a national scale who could replace the president has not yet emerged.

[Gurevich] How often do you meet with Boris Yeltsin, how do you work, and how do your contacts go?

[Rybkin] We meet often. Statutory meetings are monthly. But we meet more often than once a month. There are conversations on a whole range of problems. Any question can be put on the agenda. The discussions are frank and detailed. Not only the two of us meet; three of us also meet when the prime minister participates and four of us when the Federation Council chairman participates. I believe that we understand each other on the key questions of Russia's development and in the good sense support each other all the time.

[Gurevich] Does the fact that at various times you have been in various political camps not leave an imprint on your work?

[Rybkin] No. I think that for a long time yet there will be a two-party or three-party system in Russia and it will be necessary to work with representatives of various parties and various movements. There can be various nuances and lines, various versions. Nevertheless, this can in no way harm good relations; on the contrary, it helps to ensure that everyone is not only listened to but also heard. We must learn to listen to and hear each other.

[Gurevich] For several years now our country has been living in the constant shadow of elections and the constant division of power. I have been watching Yavlinskiy.... You get the feeling that only recently he was a man, a young economist, and although he is four years older than Gaydar everybody called him "young." Just look at him now: He sits there like a man ravaged by the thirst for power: He has a lifeless gaze and a wooden face. What does power mean to you?

[Rybkin] To me power means above all an enormous responsibility to people that does not let up for even a minute, an hour, or a day. Essentially you can be in a position of power only when you are able to be a conduit for needs, concerns, and human suffering — of all strata of society without exception. To me this power is the ability to see and feel how your official instructions of various kinds — edicts, orders, decrees, laws — will be implemented from top to bottom, down to the smallest village and far, far away in the Far East of our vast Russia. That is, it is a knowledge of the mechanics of this power. This is a very important aspect. Here we are directly talking about professionalism and competence. Third — it could with every justification be put first — is, of course, love for the Motherland, the Fatherland. Without this everything I have said loses meaning.

[Gurevich] How can the ordinary Russian be protected from the authorities' existing arbitrary actions? What does the Duma control — only the budget and the amending of the Criminal Code for failing to implement the budget?

[Rybkin] Of the State Duma's three powers — representative, legislative, and control — you have immediately homed in on control, the most painful subject for us. Many deputies believe that the Duma's control functions have been weakened in many respects and that the constitution should prescribe them more rigorously, in more detail. I might not have agreed with this assertion had we been able to fully exercise the existing control functions.

What I mean is this. First — the Comptroller's Office, which is designed to be an instrument for strengthening statehood, an instrument for all-encompassing control over the expenditure of budget resources. All-encompassing. In all structures — presidential structures, governmental structures, and those of the Federal Assembly, judiciary, and Federation components — right down to every enterprise, irrespective of the form of ownership. We passed the Law on the Comptroller's Office, we managed to do that, we elected the office's chairman, and the Federation Council elected the deputy chairman. We elected six Comptroller's Office auditors and the Federation Council elected six auditors. We are very much counting on the fact that the Comptroller's Office will not lose the working rhythm and that it will operate within the framework of the law, which has assigned it many powers.

The second powerful instrument that must be in the hands of the state's legislative branch is the institution of human rights commissioner. Essentially for the first time in Russia's history a state institution must be created that is designed to monitor the observance of human rights. But, given the factionalism that currently exists within the State Duma, whereby 11 deputies' factions and groups are working in the Duma, it is virtually impossible to pass this constitutional law. We always fall 15-20 votes short so it cannot receive its citizenship, so to speak. It is proposed that, under both the draft law and the constitution, the monitoring of the observance of human rights and freedoms will be all-encompassing and as total as the monitoring of finances. This state institution must really protect the ordinary man in his everyday dealings with real life from bureaucrats' arbitrary actions, from the authorities' petty tyranny, from what we call "fools in positions of power." We are pretty sick and tired of seeing such fools over us.

[Gurevich] But we ourselves elect them.

[Rybkin] That happens. All sorts of things happen. People elect people. Mistakes can happen, without any doubt. It is a serious shortcoming of the Duma that we have not managed to pass the law on the human rights commissioner.

[Gurevich] Lowell said: "Democracy is a form of rule in which everyone has the right to become his own oppressor." In keeping with what we have just said, What does democracy mean to you, and must it be as all-embracing as in our country? After all, in our country a person of no fixed abode, a person who has let himself go and lost his future, has the same single electoral vote as Academician Likhachev, or a plant director, or a general, or a writer. Should we obstinately implement such a mechanical version of the democratic principle of voting? It turns out that in Mytishchi a tiny number of inhabitants — including children, who did not vote but who will have to live with the consequences — have elected a figure with, shall we say, a none too attractive biography who has committed dubious acts. Some people do not turn out at elections at all yet they demand, demand, demand. Maybe we should do the same as in Belgium, where elections were recently held: There a person registers that he is going to turn out at an election, that he is a voter, that he is not indifferent to the country's fate, and if he does not go to vote he is fined.

[Rybkin] This is not only in Belgium. The same happens in Italy and other countries.

You have broached a very, very important point which is being pondered by many Russian politicians, or at least those who closely observe the development of the political situation in the country. First of all, if you are asking me for a concise formula for democracy, I would say: Democracy means always having a choice. A person must always have a choice. And not of one option, as has so often been the case in our country for decades, but of many. There must be no choiceless systems. Unfortunately we sometimes allow this kind of thing to happen, as, for instance, when privatization questions were decided, when people had an inadequate choice.

Nonetheless, regarding what you were saying. Let us reason as follows. On the whole any nation, including the one populating the Russian Federation, is a concentration of people, most of whom follow common sense. The first thing we must do is to urge the greatest number of people to go to the polls. The choice will then be less liable to be random. Consequently, for the most part, absolutely for the most part, it will be unerring. Let all strata of society, including those we have mentioned, participate in it. But if the number of people going to the polls is increasingly often just one-fourth of the country's population, many countries throughout the world turn to the option of having electors [vyborshchiki]. Whereby every social stratum holds its own elections, determines the number of electors, and it is these electors who elect the deputies who will represent their interests in the legislative assembly.

Have I told you something new? Far from it, it is nothing new. This is precisely how the first four Russian State Dumas were elected before 1917, when there were the so-called different curias: the workers curia, the peasant curia, and others.

[Gurevich] And that was also how the United States adopted its constitution.

[Rybkin] Yes, it did. Nowadays, too, the U.S. electoral college operates in various areas. So these options are not mutually exclusive. Countries can resort to them at a certain stage in their historical development. But I believe that the potential of the direct secret ballot has not been exhausted in our country yet. I also believe that this is roughly how the president himself thinks today. When rejecting the law "On the Elections of State Duma Deputies," he wrote that the outcome of the presidential elections and the Duma deputies' elections should be decided by at least 50 percent of all the voters in Russia. That is, of all Russian citizens of voting age.

There is a third aspect. You say that voting qualifications should be introduced for certain categories. I believe that at the moment we do not need any qualification other than the age requirement because we are in a transitional period and not everything has become firmly established yet. At the age of 18 you can vote, at the age of 21 you can be elected a deputy, at the age of 35 you can run for president. Thus we have already introduced a number of qualifications. And we did that together with you because the Duma works on the basis of the expression of your will and largely represents the interests of its voters.

Whether it is representative or not — that is another question. My view is that it isn't entirely representative. Thirty-five electoral associations entered the election campaign in fall 1993. On that occasion only 13 of them collected 100,000 signatures (I note in parentheses that now you have to collect 200,000 signatures). And of those 13, only eight cleared the 5 percent hurdle. Consequently those sectors of the electorate whose views were represented by those organizations that failed to pass the test will be represented by the extraparliamentary element of those political structures — the parties and movements. They have some influence on the committees, commissions, and deputies' factions. But eight political factions and three deputies' groups do not represent all moods. But I would like to believe that they represent the overwhelming majority of the moods in society.

[Gurevich] What do you mean by the concept of "centrism"? It is very popular in our country, but everyone tries to interpret centrism in his own way. For example, in the confrontation between Yeltsin and Khasbulatov or between Gaydar and Zhirinovskiy there is always a third force which appears, someone who says: "I am a centrist, give me complete power!"

[Rybkin] When someone says: "Give me complete power!" it immediately alarms me because this is a somewhat different question. But you are absolutely right, and this mode of conduct does exist in politics. For me, centrism means first and foremost the embodiment of common sense present in a person's conduct, actions, thoughts, and ultimately in his life. The vast majority of people, if they are not subjected to the kind of mass indoctrination that is accompanied by hysteria, of course, share that common sense. In any event that majority must delegate this common sense to the corridors of power — whether it be to the parliament, the government, or the president's structures.

Unfortunately, I would say that common sense is sometimes somewhat indifferent, it is even lazy when it comes to acquiring its own representatives in the various organs of power: "Perhaps they will manage without me, the right decision will be made anyway. We will probably get the two-thirds that we need." But what happens is that the thoroughly politicized section — the 12 percent on the right and the 13 percent on the left — enter the elections and determine the outcome. This prompts common sense into action, but by then the decision has already been made. Time after time Russia has endured this bitter experience in which two powerful wings — one on the left, the other on the right — appear. And they beat the puny body of Russian centrism to death. Then they turn on each other.

[Gurevich] Your "Accord" bloc is being formed as a left center bloc. What do you see as the difference between the values, interests, and aims of the left center association to which you belong and those of the right center "Russia Is Our Home" movement?

[Rybkin] I will say first of all that "Accord" is the bloc's hypothetical name. It is an interparty bloc, and many parties and movements are taking part in the talks on its creation — more than 25 of them. What are their aims? To stand firmly in the center, naturally. But of course the two blocs which are supposed to occupy the middle ground should reflect the nuances of common sense that exist in society. I am holding talks with my colleagues now. The bloc appeals to at least 120-140 deputies who have not joined political factions and who have mostly been elected from single-seat constituencies — they say that there must be continuity in the transformations, there must be no veering from one extreme to the other. There must be a discussion on the pace of the reforms. What is the speed of the reforms? People say that they are slowing down again. No way. Our economic roads, paths, junctions, and crossroads are covered in signs which date back a very long way. And the arguments in favor of such a sign are found in newspapers of the "Times of Ochakov [reference to Russian-Turkish war of 1787-1791] and the Subjugation of the Crimea." It is like driving along a road and seeing a sign saying "Highway maintenance." You slow down but you find that the maintenance work was finished long ago. The workmen have gone but they have forgotten to remove the sign. But in other places there are no signs and serious accidents can be expected if people do not slow down. That is why we talk about the optimum speed of the reforms.

The third, very important aspect is the cost of the reforms. They tell me that the difficulties are mainly commensurate and in keeping with the transformations taking place. But that does not mean anything. I believe that today the older generation, whose titanic efforts produced our state — which they passed on mainly to the next generation and which they created entirely by their great joint labor — they are entitled to the powerful and sufficient protection that they need while the transformations are taking place. We have an obligation to index the older generation's savings, which were wiped out overnight at the start of 1992, and to repay them a hundredfold. People have lost influence, mainly their moral and financial influence within the family, they have lost confidence in their future.

[Gurevich] Those savings were wiped out several years earlier when the ruble lost its value.

[Rybkin] I would agree with you straightaway because all these problems did not come into being yesterday or the day before that, not two, three, or four years ago. But we are saying that at this moment, at this particular time, we must decide what to do next. The continuity, pace, and cost of the reforms — those are the questions under discussion. There will be a certain difference of interpretation and views of life there. I see no great problem in that. Essentially anyone who has embarked on major transformations must have an intelligent opponent to prompt and raise objections.

[Gurevich] What we are moving toward and must move toward is the two-party pattern which exists in the United States, Britain, and France. I believe that the main task for both you and Chernomyrdin must be to ensure that the two movements do not collapse the day after the elections and people do not begin thinking along new lines for the next elections. So that your movement becomes something like the British Labor Party, for example.

[Rybkin] The two-party system will not work immediately in Russia, of course. I believe that we are going through a certain historical period in which there will be four or five parties.

[Gurevich] In Britain and France they also have radicals and "greens" of various kinds. But they have two main parties which they choose between.

[Rybkin] Yes, they have two main parties, and the situation in those countries which are experiencing similar transformations is an example of that process. In Hungary the Socialists polled 54 percent, the Liberals 18 percent. Nevertheless they have not started to break up. They united and created a coalition government, they have 72 percent in parliament and they essentially resolve all questions. This is a very important point. I would say that that this is the crucial factor for the formation of the new political and economic system in Hungary.

Of course, all these things cannot be imposed from above. It must all stem from what people want. I have to travel around the country a lot, and wherever I go I sense that these commonsense positions predominate. These attitudes must be crystallized and given organizational form. I think that the social-liberal stratum must take its proper place in the party building process. The stratum which stands to the right of center is called "conservative liberal." Here it is the social democratic or labor stratum, call it what you will. But all these elements constitute parties which should create a firm center ground.

I think that the Communist Party will function, of course, as will those which call themselves radical liberals, there will be parties with a socialist hue in Russia for some time. But they will not wield decisive influence. The same goes for the parties which represent corporate interests. At its last congress the Agrarian Party wrote into its program that it is a social democratic party, a party of social partnership, social peace, and social justice. This is a very accurate statement. It enables the party to take its place to the "left of center" in events in our country.

[Gurevich] I believe that one of the main problems of our society and our country is the absence of a middle class, a full-fledged, genuine middle class, which is the basis of a stable existence in any state. In Moscow the incomes of the wealthiest are 16 times higher than those of the poorest. As a man with a technical training you will agree that such a difference in potentials creates great tension and will not help to stabilize society.

[Rybkin] You are right when you say that you cannot have a self-confident wealthy country without a middle class. And that there is a sixteenfold discrepancy between the 10 percent who live very well and the 10 percent who lead poor lives. In other countries — such as Sweden and Austria — this discrepancy is fourfold or fivefold at most. And when we began our reforms in 1992 the difference here was like that. Sometimes it is said: "But in the United States they also have a sixteenfold difference." But I always say that you have to remember the factor of the quality of each individual's life. No doubt those who are on the poverty line over there lead somewhat different lives to those who are on the poverty line here, to put it mildly.

[Gurevich] Here is another point. In the past we had no glasnost here but we still had rich people: Some were store managers, others were top officials. But people did not make movies or show them on television, it did not bother them that someone earned 90 rubles a month.

[Rybkin] They used to show such things.

[Gurevich] In the "Man and Law" program.

[Rybkin] Yes. This used to appear on the radio, in the press, but mainly in the legal diary section of "Man and Law" and in the "Expert Investigation" program. But now it is psychologically difficult for people to accept such a rapid change in life. Rolan Bykov says that, of all the crises that the Russians are experiencing today, the main one is perhaps not political or economic but first and foremost moral and spiritual. Acquiring a new purpose to life is a very difficult and for some people an agonizing process.

That is why difficult transformations are taking place in the economy. They do not write or talk about everything taking place in the economy. They rarely write about the fact that 40 percent of the Russian economy is the shadow economy and pays no taxes. That 44 percent of the population's money incomes are not subject to taxation. All these factors create exceptional difficulties for the budget sphere: It makes it difficult to have sufficient funds for science, culture, and education, for helping the older generation, and for preventing such a glaring discrepancy. Then of course the logical question is this: Why do we need reforms if the result is that people lose everything that they had, those social guarantees which were so hard won? We do not want to go back to the all-embracing Russian social security system in which we gave small but equal shares to all — that cannot be. A man must be rewarded according to his talent. His physical talent, if you will, and his intellect — and he must be rewarded in full.

That is why both the legislator and the taxman must be skillful and ensure that people feel that they are law-abiding and are paying an acceptable level of tax. When taxes reach an unacceptable level, people stop paying entirely.

There are some other important points. We ask ourselves: What is to be done? Each month between $2 million and $2.5 billion flow out of Russia, $100 billion have already left the country. We are starting to study world experience. There is absolutely no point in resorting to restraint, prevention, or pressure.

Seven or eight years ago $60 million dollars were moved out of Argentina and Brazil. An approach was found: You could make undeclared investments in the economy — essentially a currency amnesty. No one asks where the money comes from. You invest and you work. You invest in production above all. And all your sins are forgotten. All $60 billion [as published] returned to Argentina and Brazil. And under the same law of induced flow [zakon ezhektsii] further tens of billions of dollars were sucked in. Is such an option possible here? It certainly is. There was a meeting with war veterans and soldiers' widows. They openly said: "Yes, ultimately let them invest here so long as the country's economy flourishes."

There is another problem — the brain drain. You cannot treat the loss of the country's best people so casually, thoughtlessly, and indifferently.

[Gurevich] But they do not need our worst people over there.

[Rybkin] Precisely. There are now 70,000 Russians living around London, there are another 60,000 in San Francisco, there are another 20 or 30 Russian families on some God-forsaken islands under U.S. auspices. Very often these are not very wealthy people but they are highly qualified specialists in their own field who are accepted in the most advanced sectors in the United States. But without a well-to-do middle class living well and sure of what the future will bring, that their prosperity will increase, and that things will get better all the tine — without all that, what is the point of the reforms?

[Gurevich] The Duma still has a lot of work to do, but there isn't very much time left.

[Rybkin] The split into factions is a complex thing. But I can tell you that many questions are being resolved. Just consider this: The Civil Code has been passed. A Civil Code containing more than 400 articles. This is the law which regulates property law relations in the new management conditions and a diversity of forms of ownership, new relations which are emerging in Russia in the transformation process. In all the countries of the world the Civil Code is called a country's second economic constitution — its economic constitution. For some reason the Federation Council was wary of adopting it. We still do not fully appreciate how important the document which has been adopted is. Not even all the economic structures are really aware, not all the legal offices have studied it in sufficient detail yet, but I am convinced of this.

We must resolve the major question — I would call it a state question — which has not been resolved by Russia since 1861 but is regulated either by statutory instruments, decrees, or some other way. It is necessary to adopt a Land Code which would spell out precisely that we have different forms of land ownership, including private ownership. As for the landowner's legal rights — the right to own, use, and dispose of land — an important matter when it comes to property — that is prescribed in detail. We have prepared a third version of that document. There are another dozen laws of great importance for the political and economic organization of Russia.

But parliament has another function — coordinating the interests of the different social, political, and economic groups. This coordination can take place out on the street, on the public square, with gun in hand or without. But the vast majority of countries prefer the coordination of interests to take place inside parliament. Yes, things sometimes get heated there. Yes, sometimes some people want to turn our meeting place into a branch of Moscow's Sokolniki park.

[Gurevich] My friend Yuliy Gusman likens you to a therapist who has managed to pacify a number of hotheads.

[Rybkin] Such things happen, of course. It is not easy. I think that we must all proceed from the same premise that Russia must never again go through what it has experienced his century. It is especially terrifying when people sort out their problems and coordinate their interests by means of bloodshed. God forbid that we descend into that. But people say: Do not trust in God alone, you've got to help yourself. Everyone must make his own contribution to civil accord and civic peace in society.

[Gurevich] During perestroyka a remark by Stolypin was quoted very frequently: "You want great upheavals, but we want a great Russia." Representatives of different camps would level it at each other. But now it has been forgotten. But I think that this phrase is much more topical today than ever before. Stolypin begged for 20 years of tranquillity for Russia. I don't think you'll dispute the fact that there is a need for tranquillity. Perhaps the arguments that are cited today in favor of postponing the elections are sensible and consideration should be given to this idea? After all, I repeat, our country has been rocked by election fever for several years. And some people are simply sitting and waiting: "Things aren't working out now — never mind, luck will change in a couple of years." Maybe we should simply tell the people: "Nothing is going to happen for 10 years, so let's get down to work for these years!"

[Rybkin] All the same, 20 years of tranquillity begins with hours, days, weeks, and months. For 18 months the coordination of interests in Russia has been taking place here, within the walls of the State Duma, via the direct representatives of the people. This is important to society, necessary for society, and beneficial. And people throughout the country must realize this. May this ardent coordination take place better here. And may the coordination of interests of the elites in power take place in the Federation Council. This is why I always say the Federation Council should be formed on the basis of the constitution from heads of legislative assemblies and heads of the executive branch in Russia. With this kind of combination we will be able to find the correct algorithm of behavior for Russia. With this kind of approach we will be able to form two powerful blocs around the center — they certainly do not necessarily have to be named for anybody. The leaders will eventually be elected by the members. May as many people as possible join and share the convictions proclaimed in programs, aims, and tasks. We see this as salvation for Russia, for its rebirth.

You mention elections. I think that two years is not very much time nowadays. Not because it is not very much time for someone to be in power, but because it is not very much time to enter into the multidimensional process of lawmaking — which is in many respects new and even very new to Russia. In order to acquire your own place there, your own name, and to work very hard. In order to ensure that the country is not rocked by election fever. But there must be a clear expression of will here. Primarily in the legislative assemblies of the entire Russian Federation, by at least two-thirds. Then the question could also be decided, of course, in a referendum, because everything is decided by referendum — all the transitional provisions. Some countries have decided to do this. If people choose this option for themselves, then — I believe — that is their prerogative. Democracy always means choice. And to say that this choice by people is not the right one, this is the right one, is not entirely correct. People can choose either this option for behavior or that one.

[Gurevich] You can choose not to make a choice.

[Rybkin] You can choose not to make a choice. Not to make a choice for the moment but to postpone it. That too is a choice. The elections could also be held at the prescribed time. We are inclined to do this and we are preparing to hold them on time. We have all done everything in our power, in the State Duma's power, to ensure that all the documents and all the legislative acts are prepared. After that it is down to the will of the Russian Federation components, the will of the people.

[Gurevich] What is your attitude toward religion? Unlike many of our politicians, you are not seen at official church events.

[Rybkin] The older generation in my family are people with a deep faith who have carried their faith deep within themselves. If I believe, it is probably with the faith of Vladimir Ivanovich Vernadskiy, who said that everything in the world is interconnected and believed in the rational principle of our world, the rational principle of the noosphere. In many respects this is consonant with the mood expressed in Lev Nikolayevich Gumilev's book "From Russia to Russia," for which I presented the VEKHI literary prize to his widow, Natalya Viktorovna. That is how I would answer that question. I want to make it plain that a respectful attitude toward faith has always been cultivated in my family. You should never break a person. Particularly when it comes to faith.

[Gurevich] Tell us a bit about your family.

[Rybkin] For us all, meaning the middle and younger generation, these last few years have been study all the way. My daughters graduated from school with medals (one with a gold medal, the other with silver) here in Moscow. I studied at the Academy of Social Sciences and at the Diplomatic Academy. I wrote and defended my dissertation. It's good when even at night you see that desks are occupied all over the place and people are working. My elder daughter is finishing university and is getting top marks all round, and my younger daughter is also doing well at her studies. My wife works at a Moscow school, in the elementary grades.

She has just bade farewell to her third-grade class. The older generation is my father and mother. My father is a war veteran, a category one war invalid. He is having rather a hard time at present with his old wounds and contusions. They spend most of their time with us. Sometimes my brothers and sisters visit. I have two brothers and two sisters. They all have children, but I am the only supplier of granddaughters, the others have only sons.

[Gurevich] You graduated from the Diplomatic Academy. If you had to choose a country, where would you like to be ambassador?

[Rybkin] Well, in broad terms I speak German, so there you have the entire range of choice.

[Gurevich] At one time you worked on the "Zavety Ilicha" collective farm. What's it called now?

[Rybkin] The "Zavety Ilicha" joint-stock company.

[Gurevich] It's still named for Ilich [Lenin]?

[Rybkin] Or is it now called "Novokirovskiy"? I'm sorry, I can't say. It's one of the biggest farms. On the Moscow region scale, it would be about six or seven farms. There are 17 villages and farmsteads, it's a cossack area, and there are migrants from Ukraine. The soil is chernozem, and the main crop is wheat, plus a very well developed livestock raising sector — 3,000 head. There was a good boss, a Hero of Socialist Labor. People are now acquiring a new meaning in life and a new approach to life, but they are still holding on to each other. Some have become private farmers, some have formed small joint-stock companies. I say again that you must not force people. People must make their own choice: How to live, with whom, and in what way and how to organize relations. And at the same time I am convinced that peasants must be relieved of everything that is not a production product. They must engage exclusively in producing wheat, meat, and milk. All the rest — roads, hospitals, schools, sewers, water supplies — should be looked after by the state, as in all countries. It should not be said that our rural producers work worse than those in other countries.

[Gurevich] What are your tastes in books and movies?

[Rybkin] I watch movies, including the latest ones, everything — well known movie directors invite me. And I also go to the movies or watch videos. French, U.S., and German movies. I'm not keen on melodramatic serials — let nobody take offense. Although I don't have much time to spare, I read a lot in the evenings. I like the classics — Bunin, Yesenin, and Asadov give me tremendous pleasure. I read Sholokhov. I believe that Beshki was the home of an experienced man who admitted to his heart and could embody in his novels man's innermost thoughts. Perhaps the epic of the civil war has been described in more detail elsewhere, in the works of Aleksandr Isayevich Solzhenitsyn. But there is nothing better than "Quiet Flows the Dawn" so far as the way everything happened in the south, in the cossack areas, is concerned. I read the historical works of Karamzin and Solovyev, I read Ilin. I have also closely reread the transcripts of the four Russian State Dumas and the transcript of the single day of the Constituent Assembly, which was published in Odessa in 1918 on the instructions of Viktor Chernov, the chairman of the assembly. My reading is quite systematic because I cannot afford to take a haphazard approach. I am studying and reading favorite passages of Gogol and Turgenev. Yesterday I came across the following thought: The forces of education have seemingly driven malice out of the human heart, but malice is reentering by a different route, an intellectual route, from the pages of journals, and people are beginning to feel hostility, are joining parties, and people who have never set eyes on each other are beginning to feel hostility toward each other, it is terrible. It's amazing — that was written 150 years ago!

[Gurevich] Now for rather a fantastic question — for Gogol: If you could meet anyone who is no longer alive, any figure from our history, culture, and politics, who would you like to meet, ask for advice, and talk with?

[Rybkin] Unfortunately, history does not brook hypothetical situations in real life. I would find it very interesting to talk with Bunin and to stroll with him along dark avenues of trees, where Antonovka apples grow.... There are many people I would like to meet. Anyhow, I also find it very interesting to talk with my contemporaries. You know what it's like: Very often we cannot take a detached view of current events, single out the most important thing, and see the essence of what in later years will be described as significant, wonderful, and great. When I leaf through SOVREMENNIK [19th century literary journal] I find arguments, even grumbles, that there is no Pushkin, no Lermontov, the world has faded and become colorless, nothing is visible, there is no figure of equivalent significance, the sun has set so far as both poetry and prose are concerned. Yet that same journal contains Nekrasov, Turgenev, and Tolstoy. I think that in the pages of our journals names are being made and talents are gathering strength that will be described as wonderful representatives of the national art of late 20th century Russia.

[Gurevich] I have been told you have a tough character and a sharp tongue....

[Rybkin] And they probably go on to say: "But he is not armed and dangerous."

Everyone is different. It depends on who you talk to: a 3-year-old child or a gray-haired old man, a bohemian, so to speak, or a person who engages in exhausting physical labor. As for toughness — I am tough in my assessments of myself. But I am probably also tough at work because work is difficult — you could even say backbreaking. I and my associates have to work 14, 15, or 16 hours a day and sometimes often without days off. And our work is more than just signing papers. There is difficult cogitation, there are brainstorming sessions. Tough standing orders, rather tough controls, tough self-discipline. I can be quite tough in my demands on the people I work with. And my language is whatever the situation requires. The point is that sometimes people are allowed to get away with things simply on the principle: I don't want to have any dealings with them. I regard this as beneath my dignity. But some people catch it — especially when they make mischief publicly and have to apologize privately. Including representatives of your profession. We always part on friendly terms, I forgive them, but I regard it as a sign of a bad upbringing to insult people publicly and apologize furtively.

[Gurevich] Do you have many friends?

[Rybkin] A great many, ever since my childhood.

[Gurevich] Are there friends you can call during the night and say: "I'm feeling bad"?

[Rybkin] I can call any time. I say: "Come over." And if there's a plane they'll fly, if there's a car they'll drive through the night. Such things have happened more than once. These years have tested many people. And I am very glad that the overwhelming majority of my friends have remained faithful to our childhood and youth.

[Gurevich] You talked about finding a new meaning of life for society. Have you now found the meaning of life, or are you close to doing so?

[Rybkin] I wouldn't like to make some pompous pronouncement now, in order to avoid debasing the end of our conversation, but in general I believe that to serve the fatherland is the most important thing for someone of mature age. This protects the country as a whole, protects your own family, and protects the weak and defenseless in the difficult conditions of life. This is also the friendship we have been speaking of, when people together, primordially what they were at the start of the road, when they were not burdened by the interdependence of another's material means, when, as the poet said, only a spiritual line links them, travel together through life and serve the fatherland, regardless of what post they occupy. When you have the firm conviction that in a while you will be on the Khopra wearing ordinary waterproof boots, a quilted jacket, and a cap with one earflap up and one down, with some bait, and they will be sitting with you on the bank, talking about life, smoking a cigarette, and raising a glass, and you will still be near and dear to them. I can tell you that there is nothing more precious in life — all the rest is rubbish. [Rybkin ends]

The State Duma chairman granted this interview to ROSSIYSKAYA GAZETA before the Sakhalin tragedy. As this issue was going to press, news came in that Ivan Rybkin had contributed 500,000 rubles to the fund for the victims of the earthquake on his own behalf and that of his family.

Committee Shelves Debate on Savings Bank Stock

LD0606203295 Moscow INTERFAX in English
1901 GMT 6 Jun 95

[FBIS Transcribed Text] Moscow, June 6 (FIA-INTERFAX) — The State Duma Budget Committee has put off indefinitely the debate on the deadline for transfer of the Sberbank (Saving Bank) controlling interest to the State Property Committee, Mikhail Zadornov, the Duma committee chairman, told INTERFAX's Financial Information Agency at the end of the committee's closed session.

Under the legislation on the Central Bank passed by the State Duma last April, 50% plus one shares of the Sberbank now managed by the Central Bank of Russia should be transferred to the State Property Committee before January 1, 1996.

Some Central Bank and Sberbank experts believe that as a result of the transfer the Sberbank will not have state guarantees of the deposits and so an outflow of savings from the bank's accounts should be expected.

As of April 25, Sberbank stores a total of 25 trillion rubles of savings, or about 60% of all private savings in Russian banks. A total of 2,559 banks were registered in Russia before June 1, 1995, the Central Bank says.

Deputy Cites Resistance to Funds Control Law

LD0606142295 Moscow INTERFAX in English
1234 GMT 6 Jun 96

[FBIS Transcribed Text] Moscow, June 6 (INTERFAX) — The State Duma has drafted and will consider in a first reading on Wednesday a draft law toughening control over extra-budgetary social funds, and over sector and inter-sector funds.

Chairperson of the Sub-Committee for the Budget System and Extra-Budgetary Funds Oksana Dmitriyeva told a press conference that since she began her work in the State Duma 18 months ago, she has never confronted such resolute resistance to a draft law, nor witnessed such strong pressure on factions and individual deputies. The vote on the draft could prove to be a test on corruption in the State Duma, she said.

According to her sources, in 1994, the volume of extra-budgetary social funds was 115 trillion rubles, which makes up 70% of the federal revenues or 120% of state taxes (import and export duties excluded).

She said that control over the way these funds (pension, social-insurance, employment, federal and medical-insurance funds) are spending their resources is insufficient. She also announced that 60% of the loans extended by the employment fund for creating jobs in 1994 had been squandered and that only 30% of these loans had been paid back.

The sector and inter-sector funds are controlled even more loosely, she said.

In 1994, she went on to say, these funds made a profit of 16 trillion rubles, including the 10 trillion rubles made by the Gazprom fund (10% of 1994 federal revenues). The funds of the metallurgical and power-engineering sectors have made a profit of 2 trillion rubles each.

The draft says that the budgets of extra-budgetary social funds should be submitted to the State Duma simultaneously with the draft federal budget, and that audits should be run before the funds present their financial reports.

The draft law also says that these funds must open their accounts in the Central Bank and its branches rather than in commercial banks.

The draft law envisages eliminating the current sector and inter-sector extra-budgetary funds. Subsequently, such funds would be set up only in accordance with federal law.

Commission To Investigate Neftegorsk Earthquake

LD0706111495 Moscow ITAR-TASS in English
0952 GMT 7 Jun 95

[By Ivan Novikov]

[FBIS Transcribed Text] Moscow, June 7 (ITAR-TASS) — The Russian State Duma (lower house of parliament) has decided to set up a commission to investigate causes of the tragedy in Neftegorsk, where as a result of a powerful earthquake over one thousand people lost their lives. Deputies voted for the formation of the commission in response to a proposal by Sergey Baburin (unregistered group of deputies "The Russian path") at a plenary session of the State Duma today.

Sergey Baburin to a considerable extent held the Russian government guilty which unjustifiably stopped seismic stations' work in this area. The deputy even proposed to file a criminal case for the loss of human lives. A number of committees have been asked to put forward their proposals regarding membership of the commission taking into consideration opinions of factions and groups of deputies.

Council Decree Rejects Media Support Law

MM0706102595 Moscow ROSSIYSKAYA GAZETA
First Edition in Russian 6 Jun 95 p 4

[Unattributed report: "In the Federation Council"]

[FBIS Translated Text] Having examined the Federal Law "On State Support for the Mass Media and Book Publishing in the Russian Federation," adopted by the State Duma, the Federation Council has adopted a decree which speaks of rejecting this law in view of the unacceptability of its individual provisions.

The State Duma has been instructed to make changes to individual provisions of the rejected federal law in accordance with the conclusion of the Federation Council Committee on the Budget, Financial, Currency, and Credit Regulation, Monetary Emission, Tax Policy, and Customs Regulation. The members of this committee believe that the provision of a number of tax and customs funds and the special procedure with regard to currency and other financial regulation for mass media and book publishing organizations run counter to existing legislation. In their opinion, the adoption of the said law will lead to a reduction in the revenue part of the federal budget. Other provisions of the legal act are criticized.

The members of the upper chamber of parliament suggested to the lower chamber's deputies the creation of a conciliation commission to surmount the disagreements that have arisen.

Regional Affairs

Update on Battlefield Situation in Chechnya

Dudayev Said To Hold 60-70 POW's

LD0606134295 Moscow INTERFAX in English
1234 GMT 6 Jun 95

[FBIS Transcribed Text] GROZNYY, June 6 (Interfax) — Sixty to seventy Russian army troops are held prisoner by Dzhokhar Dudayev's armed formations, a senior federal troop official has said. He says that an exact number of prisoners is unclear because some soldiers had been injured before being taken prisoner and may have well died in the absence of necessary medical treatment.

The officer said that most of the prisoners of war were federal army servicemen, participants in the January and February fighting in Groznyy from the Maykop Mechanized Infantry Brigade and the 81st Regiment. The command has a tentative list of prisoners.

According to the source, Dudayev's supporters are very reluctant to negotiate the return of POWs, although the command is prepared to secure their release at any cost, including buy-out or exchange. Observers believe that the militants regard the prisoners as "their human shield and gold reserve", to be used in an extreme situation.

The Chechen side says it keeps 427 Russian prisoners of war. However, the Chechen formations' headquarters has said that after the fighting near Vedeno their number may have increased because in a number of cases whole groups surrendered during the Monday-night fighting.

Kulikov Challenges 'Misinformation'

LD0606132995 Moscow ITAR-TASS in English 1312 GMT 6 Jun 95

[By Olga Semenova]

[FBIS Transcribed Text] MOSCOW, June 6 (Itar-Tass) — In order to disprove Dudayev's misinformation, Commander of the Joint Group of Federal Troops in Chechnya Anatoliy Kulikov has invited the journalists, covering the Chechen events, "to personally verify the state of affairs in Vedeno", Itar-Tass was told today by a representative of the press centre of the federal troops in Chechnya.

Dudayev's propaganda claims that an attempt to recapture Vedeno was allegedly undertaken last night. The press centre's representative quoted Colonel-General Anatoliy Kulikov as saying that "complete control was established over all the populated localities in Vedeno District, as well as over the exits from the two closeby gorges as a result of the successful actions of his troops. Roads, along which Dudayev's militants could flee to Dagestan, have been cut off." The Commander believes that the operation which led to the taking of Vedeno can be "ranked among the most serious and consequentially important actions".

"Dudayev's men are going out of their way to belittle this victory, are handing out leaflets and showing a falsified video film, slurring Russian servicemen," the representative of the press centre stated.

"Agents of the Russian Interior Ministry and the Chechen police are busy working in Vedeno," he added. They have discovered there a large ammunition dump of the opposition.

According to checked information, seventeen Russian servicemen were killed and about 30 wounded during the operation to take Vedeno, Dudayev's principal base.

Army Daily on Capture of Vedeno

MM0606134095 Moscow KRASNAYA ZVEZDA in Russian 6 Jun 95 p 1

[Report by Vitaliy Strugovets and Anatoliy Stasovskiy: "Chechnya: Troops Storm Fortifications in the Mountains"]

[FBIS Translated Text] The breakthrough into the mountains, which Dudayev's forces thought the command of the Combined Grouping of Federal Troops in Chechnya would not dare to make, has taken place. Using the results of the fighting in late May and early June, during which the commanding heights near the population centers of Vedeno and Nozhay-Yurt were captured, last weekend the federal troops carried out an operation to totally liberate one of the most strongly reinforced population centers — Vedeno — from Dudayev's gunmen. It will be recalled that for a long time this was the location of the main military control organs of Dudayev's forces — the main staff, the military commandant's office, the special detachment. The main forces of the illegal armed formations were also here in Vedenskiy, Shatoyskiy, and Nozhay-Yurtovskiy Rayons.

Foreseeing fierce fighting, on 2 June the command of the federal troops organized a humanitarian corridor for the withdrawal of the civilian population. According to preliminary data, over 2,000 people left the region of hostilities through the corridor. In response to this the rayon elders handed over to representatives of the federal troops Private Sergey Martynets of the 181st Motorized Infantry Regiment, who was wounded 31 December last year and taken prisoner by the Dudayev forces.

Analyzing the course of the operation to capture Vedeno, let us first of all note that, tactically speaking, it was carefully planned and prepared and carried out in several stages. During the final stage federal troop units and subunits advanced on Vedeno from two directions: Dachu Borzoy—Agishty, and Dachu Borzoy—Mekhkety. At the same time a tactical airborne force was landed in order to prevent Dudayev's reserves from moving up to Vedeno from the areas of the population centers of Shatoy and Nozhay-Yurt. By 1900 hours on 3 June Vedeno, the ancient capital of Chechnya, had been taken thanks to resolute offensive combat operations. At approximately the same time subunits of a separate operational division of the Russian Federation MVD [Ministry of Internal Affairs] internal troops reached the rayon center of Nozhay-Yurt — one of the guerrillas' most important strongholds — capturing all the commanding heights in the rayon.

The composite regiment of Pacific Fleet marines has been in action in the first echelon of federal troops in recent days. In heavy fighting the marines had to overcome tiered defenses in mountainous, forested terrain where visibility is no more than 15 meters. Despite the resistance of the Dudayev forces, the marines honorably fulfilled their missions to blockade important targets and prevent reserves from being moved up and prevent Dudayev formations from breaking through to Dagestan.

According to the command of the Russian Federation MVD internal troops, over the period 2-4 June the federal troops lost 10 dead and 36 wounded. The guerrillas lost over 300 dead. Eight Dudayev tanks, nine infantry fighting vehicles, three armored personnel carriers, one armored reconnaissance vehicle, two antiaircraft guns, one "Grad" multiple rocket launcher, two artillery pieces, six mortars, and 28 trucks of ammunition were also destroyed. Sixteen weapon emplacements, 10 strongpoints, and two permanent emplacements were suppressed. One armored reconnaissance vehicle, an artillery piece, two antitank grenade launchers, and one Kalashnikov machine gun were captured.

We were told at the internal troops headquarters that, despite the loss of Vedeno, the guerrillas are continuing to put up resistance in the eastern and southeastern area of Chechnya. They are creating new strongpoints 7-9 km from Vedeno and mining roads, bridges, and areas of land. Fortifications are being constructed on the crest of the Kerkenduk ridge and east of the population center of Khaluni. The main control post for the Dudayev forces has now been moved to the mountain settlement of Kiri. Permanent fortifications are being constructed in the population center of Agi-Shatoy. A substantial concentration of Dudayev forces has been recorded in the Lake Valanchet region, site of their training center. Sabotage and reconnaissance groups trained in the use of mines and explosives are now undergoing training there. About 80 guerrillas are undergoing intensive training in the settlement of Kharachey. Another training center complete with firing range has been set up south of the settlement of Mekhkety.

The federal artillery is continuing to fulfill fire missions in areas southeast of Elistvizhi, north of Verkhotoy, and east of Bamut.

According to available information, the command of the federal troops intends within the next few days to remove staffers of organizations performing ostensibly humanitarian missions from the region of combat operations. It has emerged that Dudayev's scouts and terrorists often operate under this cover.

Today representatives of the civilian authorities in Groznyy and of a number of social organizations are attempting by every available means to persuade Dzhokhar Dudayev's armed supporters to cease their resistance. But so far their efforts have been fruitless.

TV Reports From Vedeno

LD0706095995 Moscow Russian Public Television First Channel Network in Russian 0800 GMT 7 Jun 95

[Video report from Vedeno village in Chechnya]

[FBIS Translated Text] This is the regional center Vedeno. It is here that Aslan Maskhadov's armed groups had their headquarters. In the last three days, peace has returned to the lives of civilians who are happy not to hear any shooting or explosions. At present, the armed groups have taken up defense positions in the mountain ranges covered in thick forest. Federal troops' aviation and artillery are attacking groups of fighters.

Here in Vedeno, School Number Two was not only the headquarters of the armed groups, but also a real center for preparing the fighters. Manuals and leaflets left in haste indicate that military science was thoroughly studied here. It is from here, from Vedeno, that Dudayev broadcast appeals to his supporters not to surrender and to fight to the last drop of blood. Dudayev's men, however, left the weapons behind. By the way, the ammunition that was left behind would have been sufficient to arm several divisions.

Detachments of special purpose militia and patrol services made up of local people arrived in Vedeno today. [Video shows village scenes from Vedeno, ammunition said to be seized from retreating rebels, leaflets and instructions, militia units]

Chechnya-Dagestan Border 'Ever More Tense'

LD0606140895 Moscow ITAR-TASS in English 1338 GMT 6 Jun 95

[By Gadzhi Shamov]

[FBIS Transcribed Text] MAKHACHKALA, June 6 (Itar-Tass) — The situation at Dagestan's border with Chechnya is becoming ever more tense. It is especially dangerous at a 540-km-long border segment encompassing populated areas of Dagestan's Novolakskoye, Khasavyurt, Babayurt, Botlikh and other districts. Skirmishes, armed provocations by Dudayev fighters and firing at interior troop and police posts take place nearly every day, according to the Dagestan Interior Ministry's press service.

Under these circumstances, federal troops are forced to respond. Border villages sometimes come under fire, with some civilian and military casualties.

At the village of Shushiya, four villagers were killed and another nine wounded in fighting between Chechen militants and federal troops. The military prosecutor's office has initiated criminal proceedings and is now investigating the case.

The Dagestani government passed an order "On urgent measures prompted by the situation at Dagestan's administrative border with the Chechen Republic and border districts". The document stresses the need for working with border district residents so that they be vigilant and reserved. Government and law- enforcement officials should try to persuade local residents to temporarily move from border districts to safer localities in order to avoid casualties.

Dagestani authorities promised to do their utmost to protect the republic's population and to prevent Chechen fighting from spreading to neighbouring Daghestan.

Turkish Group Said To Supply Weapons

LD0706104895 Moscow INTERFAX in English
0917 GMT 7 Jun 95

[FBIS Transcribed Text] KHANKALA (CHECHNYA), June 7 (Interfax) — The radical-nationalist organization Buz Gurd (Grey Wolf) is establishing channels to transfer arms and ammunitions from Turkey to Chechnya for Dudayev's armed formations, well informed sources in one of Russia's power ministries reported to Interfax.

According to available information, transfer of arms is carried out through Iran's sea ports, arms and ammunitions are shipped to Azerbaijan's territory aboard fishing boats. Arms are transferred to Chechnya in small portions.

"There are certain grounds to believe that Azerbaijan's Popular Front, in opposition to Baku, is involved in supply of the Chechen fighters with arms," the source said. Judging by several intercepted lots of arms fighters receive small arms, mortars, and ammunitions for them.

Former interior minister Iskander Gamidov, who is under arrest now and is accused of involvement in an OMON [special purpose militia detachment] regiment's revolt, heads Buz Gurd in Azerbaijan.

Dudayev Reportedly Moves to Shatoy

LD0706103895 Moscow INTERFAX in English
1007 GMT 7 Jun 95

[FBIS Transcribed Text] GROZNYY, June 7 (Interfax) — Following the seizure of Vedeno by the federal troops, Dudayev moved his command post to the village of Shatoy (south of Chechnya, 50 kilometers from Groznyy - IF), a spokesman for the Russian Interior Troops told Interfax.

A bunker has been built for the Chechen commanders, among them chief of the Dudayev detachments' headquarters Aslan Maskhadov, a former artillery colonel of the Soviet armed forces.

The surviving militants are gathering in the region of the high-mountain village of Nozhay-Yurt, building fortifications and perfecting the defense systems. This work involves units of field commanders Basayev and Afghan citizen Fattah. Arab citizens are reported to be fighting in these units.

The federal commanders believe that following the seizure of Vedeno, the eastern Chechen grouping has lost the ability to carry out organized and active combat operations, limiting themselves to passive resistance.

Over the past 24 hours, one interior troops serviceman has been killed and eight wounded. More than 50 militants have been killed, and two antiaircraft systems and an ammunition depot have been eliminated. Also, three armored vehicles, two weapons depots and 10 kilograms of drugs have been seized.

More on Earthquake Relief Efforts; 1,197 Dead

MM0606132095 Moscow IZVESTIYA in Russian
6 Jun 95 p 2

[Report by Valeriy Gvozdikov: "Nine Days Marked in Neftegorsk"]

[FBIS Translated Text] Yuzhno-Sakhalinsk — According to the latest figures from the Russian Ministry of Emergencies operations staff for the elimination of emergencies, as of the ninth day following the tragedy in Neftegorsk the number of people brought out of the ruins totaled 1,603, including 218 children. Of these, 406 were still alive. Of the 1,197 dead, only 631 have been identified. That is not surprising — many whole families died. Only their neighbors will be able to identify them....

The migration service has registered 1,036 inhabitants of the settlement of Neftegorsk, 34 percent of the number who were living here before the tragedy. Some 39 percent of the people of Neftegorsk were killed. Here, unfortunately, Sakhalin is once again ahead of the entire planet, because statistics show that in the last two or three centuries the world has not seen such a ratio of people killed to the number of inhabitants.

The majority of people of Neftegorsk are not yet going anywhere, they are living right there, in little dachas, barns, and garages. In the governor's opinion, it is the graves of their relatives that keep them there — five or six graves, in some cases. People are demanding that the compensation payments due to them under the president's edict be paid urgently. As of Monday morning 889 people had received them. A total of 2,116 million rubles [R] has been paid out. But at the moment these payments are coming out of oblast budget funds. Therefore they are not for the full amount — only R5 million per burial and 20 times the minimum wage for victims. Nobody has yet received the promised compensation payments — 200 times the minimum wage for those killed (about R9 million) and 50 million for the loss of housing — from the federal budget; the promised funds have not yet reached the oblast.

According to [Governor] I. Farkhutdinov, 27 families have expressed the wish to be resettled in Okha, 30 in Nogliki, and 50 (and this figure will certainly grow) want to move to the oblast center. Oblast Duma Chairman V. Maksutov, however, at a spontaneous rally of Neftegorsk people, cited different figures: 118 families are willing to stay in Sakhalin, but 183 would like to be resettled on the mainland. And he promised that the deputies will begin this very day to consult with their colleagues from the Russian Federation components to clarify the possibilities of housing being made available there for the people of Neftegorsk. Whereupon the governor made it clear to the leader of the representative authority that it is exceeding its powers, since questions of resettlement come within the competence of the executive. I don't know what others present at the session thought, but I found I. Farkhutdinov's reaction surprising, to put it mildly: Is this the time to argue over power?

Another very serious symptom: After a further earthquake in the same areas, measuring about 5 points, which happened 3 June, panic began in Okha too. People left their apartments. They are spending the nights in dachas and garages or simply in the streets. They are trying to leave by any available means.

Railways Minister Fadeyev has sent a telegram to the chiefs of all Russia's railroads on giving priority and ensuring unhindered acceptance of freight for shipment in freightcars and containers to and from Sakhalin. The chief of the Sakhalin railroad has been instructed to take 200 empty containers out of the Ministry of Railways reserve and send them to Nogliki station to carry citizens' household effects. "The shipment of goods destined for Sakhalin to eliminate the consequences of the earthquake and the transportation of household effects from the disaster area in containers is to be carried out...without exacting conveyance payments," the minister's telegram says.

On Monday 5 June a sad event took place in Neftegorsk — people marked the ninth day after the tragedy, according to the Christian custom. Very many candles were needed so that they could be lit for every life snatched by the forces of nature and the bungling of the planners and construction workers. They prayed for those who have already been consigned to the earth and those who still wait their turn among the unidentified, and for those who are still left among the terrible ruins for the time being. May the earth be a soft resting place for all the innocent victims!

Don Parliament's Achievements Noted

954F2441A Rostov-na-Donu VECHERNIY ROSTOV in Russian 3 May 95 p 2

[O. Bulbich report: "The Don Parliament—on the 'Equator'"]

[FBIS Translated Text] As VECHERNIY ROSTOV has already reported, deputies of the oblast legislative assembly held a news conference on the first anniversary of the start of work of the Don "parliament."

The celebratory activity was marked the day before by the ceremonial removal of the deputies' chairs from the large meeting hall and their relocation in the small hall, which had been renovated for the "first name-day."

At the entrance to the building in Soviets Square the breaking up of the former Honor Roll—a monumental installation, which had in recent years served as a resting place for pickets—was being completed at this time.

Thus the start of the new stage of the activity of the representative authority on the Don has been accompanied by reconstruction efforts in a change in the interior and the exterior.

As far as the content of the work of the corps of deputies in the past year is concerned, A.V. Popov, chairman of the legislative assembly, modestly observed that the people's elect were accomplishing their assignments, to which the 120 legislative instruments that they had adopted in the "period under review" testify.

Gross indicators were supplemented by quality results:

"The assessment that the deputies make of the legislative assembly," Aleksandr Vasilyevich said, "fluctuates between 'satisfactory' and 'unsatisfactory.'"

We, however, can only guess at what this span might contain....

What do the oblast deputies put down to their "credit?" The Migration Act, which, as A.V. Popov said, "we were one of the first in Russia to adopt" and which, we would add, is inflicting multiple wounds on human rights (which VECHERNIY ROSTOV has recalled repeatedly).

"A deficit-free budget was adopted for the first time"—a truly unprecedented happening, if it is considered that not one developed country can boast of such budgets.

In addition, the deputies have begun to monitor the activity of the off-budget social funds. True, the legislators have confined themselves thus far to having decided to put a representative of theirs on the boards of each of these funds, which have already spent some of the resources intended for the populace in a way other than as intended.

As we were told at the news conference, a draft oblast charter will be ready in the very near future. "This is a document," A.V. Popov said, "which enshrines the rights and obligations of the citizen. This is its main purpose."

Will rights granted us by the Constitution be subtracted from us or will we keep them, we wonder?

This question is of no practical significance, for that matter, inasmuch as the Constitution of Russia is still "more important," and no oblast law has the right to amend it. Especially since A.V. Popov reassured journalists that the charter would only make the general constitutional provisions more specific.

To VECHERNIY ROSTOV's question: "Does the draft provide for direct elections for governor or will he be elected by the legislative assembly (without our involvement, that is)," A.V. Popov replied that the deputies would be offered both alternatives.

Which will they choose? This is a question with a fixed answer, as they say. The corps of deputies, which is one-third composed of representatives of the executive, will undoubtedly want to choose their chief themselves.

The second alternative is dearer to the chairman of parliament himself also. We are not yet sufficiently mature, apparently, for the "general" election of a governor.

But let us be fair. The Don parliament did not work to no purpose last year. Oblast laws on the status of deputies of various levels were adopted. The draft regulations on elections to the local government authorities prepared by a group of legislators (M.V. Yemelyanov and others) could have been a serious bid for fair, democratic elections in the future. Unfortunately, this draft did not "get through," having proved, like the draft regulations on local government, too bold.

But there is hope that a majority of the Don "parliament" will support the laws on social support for needy families, legislative instruments aimed at protection of the family and child (the drafts have been prepared by Deputy L.K. Mazurok), and the Youth Act (it is being prepared by Deputy A.V. Ishchenko).

The oblast legislators can pick up "yes" votes in the solution of social problems, which will come in very handy for them in the coming election battles.

Tatarstan Local Councils To Be Combined

954F2441B Kazan KAZANSKIYE VEDOMOSTI in Russian 2 Jun 95 p 2

[Unattributed report: "The Administrations in Kazan Will Not, as Distinct From the Councils, Be Consolidated"]

[FBIS Translated Text] President M. Shaymiyev signed on 25 May the law "On Revisions and Addenda to the Law of the Republic of Tatarstan 'On Local Organs of State Power and Administration.'"

In the issue for 26 May, last Friday, we published an announcement of the Press Center of the State Council on the progress of consideration of this issue in the republic's supreme legislative body. The announcement contained an inaccuracy—the law makes no provision for the consolidation of rayon and city administrations of Kazan, merely the consolidation of the rayon and city councils.

The law took effect as of 30 May, when it was published in the republic newspapers, and there is now every legitimate reason to reform the authorities.

Since this issue affects the life of the townspeople directly, we asked the State Council Press Center to explain this one more time.

The current law "On Local Organs of State Power and Administration" enabled councils of administrative-territorial units with a common administrative center to consolidate only simultaneously with the scheduling of elections to the local representatives organs of state power. Now this is possible throughout the period of their activity. That is, there will be 126 deputies of the consolidated Kazan Council, for whom people of Kazan voted at the elections to the city council and the rayon councils. As we know, the number of constituents on whose behalf the deputies acquired powers in this council or the other varied. As of the day that the consolidated organ of representative power is formed, they will all acquire the status of people's deputy of the consolidated council with retention of their powers for the term for which they were elected. The deputy will remain accountable and responsible to his constituents here.

The new law points out that the term of the authorities to be consolidated will terminate as of the day that they are consolidated. In a city that is simultaneously a rayon center, the city and rayon administrations will consolidate, what is more.

The city and rayon administrations of Kazan will operate as before.

In the event of the consolidation of councils in administrative- territorial units with a common administrative center, the head of the administration of the rayon and the city and the head of the administration of a city with a rayon division shall be appointed by the president of the republic with the consent of the consolidated council.

The consolidated local administrations shall exercise on the territory of the administrations to be consolidated all their powers enumerated in Article 26 of the law "On Local Organs of State Power and Administration."

The first session of the consolidated council shall prior to the election of its chairman be conducted, as arranged, by the chairman of an election commission or a chairman of the councils to be consolidated.

Volgograd Oblast Budget Law Passed

954F2338A Volgograd VOLGOGRADSKAYA PRAVDA in Russian 11 Apr 95 p 3

["Volgograd Oblast Law 'On the 1995 Oblast Budget'"]

[FBIS Translated Text] **Article 1.** To approve oblast budget outlays for 1995 in the amount of 706.385 billion rubles [R], assuming a projected volume of revenue amounting to R706.385 billion.

Article 2. To approve the available cash of the oblast budget as of 1 January 1996 in the amount of R1.200 billion.

Article 3. To establish that oblast budget revenues for 1995 are generated from:

25 percent of the value-added tax revenue for commodities produced in Russian Federation territory, with the exception of value-added tax on precious metals and stones delivered to and released from the Russian Federation State Fund for Precious Metals and Stones;

50 percent of the revenue from excise tax on alcohol, vodka, and other liquor products, with the exception of those items that are imported into the Russian Federation, and 100 percent of the revenue from excise tax on other excise-taxable products, with the exception of excise taxes on oil, gas, gasoline, motor vehicles, and other products subject to excise tax which are imported into the Russian Federation;

tax on profits of state, cooperative, public, and joint-stock enterprises, organizations, and associations located in the city of Volgograd at the rate of 9.5 percent, in the city of Volzhskiy—9.5 percent, city of Kamyshin—1.5 percent, city of Mikhaylovka—1.5 percent, city of Frolovo—3.5 percent, Zhirnovskiy Rayon—9.4 percent, and Kotovskiy Rayon—7 percent;

tax on profits of banks, profits from insurance activity, and profits of exchanges, brokers offices, and other enterprises and organizations obtained from intermediary activity in the city of Volgograd at the rate of 17.5 percent, in the city of Volzhskiy— 17.5 percent, city of Kamyshin—9.5 percent, city of Mikhaylovka—9.5 percent, city of Uryupinsk—8 percent, and city of Frolovo—11.5 percent;

fees for the use of natural resources in accordance with the norms prescribed by the Russian Federation Law on Mineral Resources;

tax on enterprise assets in the amount of 50 percent of income received;

income from the sale of assets belonging to the government (proceeds from the privatization of municipal enterprises, proceeds from the sale of shares of enterprises owned by the oblast) in accordance with norms prescribed by the State Program for Privatization of State and Municipal Enterprises in the Russian Federation;

funds from the land tax and lease payments for agricultural lands in the amount of 10 percent; funds from the land tax and lease payments for city land in the amount of 20 percent, credited to the oblast budget for the financing of oblast measures;

allocations for reproduction of the mineral and raw-material base with respect to generally used minerals;

20 percent of the fees for meeting the needs of educational institutions;

20 percent of the revenues from special tax;

other taxes, fees, and payments subject to transfer to the oblast budget in accordance with Russian Federation legislation.

Article 4. To repeal the fees for reproduction, conservation, and protection of forests, effective 1 January 1995;

Article 5. To take into account the following amounts of revenue entering the 1995 oblast budget from main sources:

Tax on enterprise profits—R208.894 billion

Tax on profits of banks and insurance companies—R26.032 billion

Value-added tax—R199.285 billion

Excise taxes—R92.000 billion

Assets tax—R65.000 billion

Mineral resource fees—R4.500 billion

Land tax—R10.399 billion

Other taxes and fees (total—R49.535 billion), including transportation tax—R24.108 billion, fees for meeting the needs of educational institutions—R3.428 billion, and other nontax income— R21.999 billion

Revenues from privatization—R30.000 billion

Special tax—R18.540 billion

Allocations for reproduction of the mineral and raw-material base with respect to generally used minerals—R2.200 billion

Total Revenues—R706.385 billion

Additionally, monies of special-purpose budget funds:

Territorial road fund—R190.628 billion

Ecology fund—R8.400 billion

Article 6. To establish that proceeds are to be credited to the 1995 budgets of rayons and cities from the following taxes:

tax on profits of state, cooperative, public, and joint-stock enterprises, organizations, and associations located in the city of Volgograd at the rate of 12.5 percent, in the city of Volzhskiy— 12.5 percent, city of Kamyshin—20.5 percent, city of Mikhaylovka— 20.5 percent, city of Frolovo—18.5 percent, Zhirnovskiy Rayon—12.6 percent, Kotovskiy Rayon—15 percent, remaining rayons and the city of Uryupinsk—22 percent;

tax on profits of exchanges, broker offices, and insurers, as well as on profits of other enterprises and organizations obtained from intermediary activity and transactions in the city of Volgograd at the rate of 12.5 percent, in the city of Volzhskiy—12.5 percent, city of Kamyshin—20.5 percent, city of Mikhaylovka—20.5 percent, city of Uryupinsk—22 percent, city of Frolovo—18.5 percent, and remaining rayons—30 percent;

income tax from physical persons in accordance with Russian Federation legislation;

tax on enterprise and organization income from dividends and interest, income obtained by enterprises and organizations from shares, bonds, and other securities issued by the Russian Federation, at the rate of 2 percent;

tax on income received by video stores (video shows), and from video rentals at the rate of 57 percent;

tax on income of casinos and other gambling facilities, and from other varieties of gambling and game activity, at the rate of 77 percent;

fees for the use of natural resources in accordance with norms prescribed by the Russian Federation Law "On Mineral Resources";

80 percent of the fees for meeting the needs of educational institutions.

Article 7. To establish the functional structure of 1995 oblast budget outlays as follows:

State government (total—R18.000 billion), including operation of the system of legislative authority—R2.000 billion, and operation of the system of executive authority—R16.000 billion

Organs of internal affairs and the oblast military commissariat (total—R49.750 billion), including the oblast military commissariat—R450 million

Archives—R430 million

Contract construction and installation organizations (design work)—R100 million

State capital investments (total—R90.000 billion), including in the agro-industrial complex—R40.000 billion, and housing construction subsidies—R5.000 billion

Outlays for agriculture—R130.493 billion

Assistance to proprietary farmers—R9.000 billion

Outlays from the land tax, centralized in the oblast budget (total—R10.399 billion), including centralization of tax monies from agricultural lands for the maintenance of internal farm irrigation systems—R2.286 billion, and outlays from 10 percent of the tax allocations from agricultural lands for measures to enhance productive capacity (protection of soils from water and wind erosion, desolonetzization, farm soil surveys, publication of newspapers, etc.)—R692.4 million; included within the latter category are outlays to the Main Administration for Agriculture and Foodstuffs—R346.2 million, to the Committee for Land Reform and land resources—R346.2 million, and outlays from 20 percent of the allocations from city lands—R7.4206 billion, including for the facility outfitting of territories—R2.6206 billion, to the Committee for Land Reform and Land Resources for conducting land inventories, monitoring, inter-farm land management, etc.—R2.500 billion, and to the state agricultural enterprise Volgogradselmeliovodkhoz for expenditures to set up the irrigation of horticultural and truck-farming plots—R2.300 billion

Maintenance of rural infrastructure—R2.000 billion

Maintenance of group water conduits—R4.000 billion

Environmental protection measures (total—R3.9 billion), including from the special tax—R2.7 billion

State Inspectorate for Small Water Craft—R500 million

Transportation (total—R27.000 billion), including from the transportation tax—R24.108 billion

Housing and municipal services—R12.000 billion

Education (total—R57.400 billion), including from fees to meet the needs of educational institutions—R3.428 billion

Culture—R15.000 billion

Cinema/film distribution—R220 million

Mass media—R3.300 billion

Public health—R59.000 billion

Physical training and sports—R4.080 billion

Social security—R17.900 billion

Youth policy—R1.716 billion

Children's compensation payments—R11.600 billion

Program for social protection of the populace—R4.000 billion

Center for Social Support of the Family—R450 million

Expenditures on circulation of securities—R4.856 billion

Innovation investment fund—R200 million

Reserve administration fund—R7.000 billion

Subsidies to rayon and city budgets—R144.051 billion

Fund for Support of Agriculture, from special tax—R15.840 billion

Financing of geological exploration work—R2.200 billion

Total Outlays—R706.385 billion

In addition:

Territorial road fund—R190.628 billion

Ecology fund—R8.400 billion

Article 8. To allocate subsidies from the oblast budget to rayons and cities in 1995 in the amount of R144.051 billion, including to the following rayons and cities:

Alekseyevskiy—R4.100 billion

Bykovskiy—R6.540 billion

Gorodishchenskiy—R1.990 billion

Danilovskiy—R4.130 billion

Dubovskiy—R3.100 billion

Yelanskiy—R7 500 billion

Ilovlinskiy—R1.511 billion

Kalachevskiy—R5.200 billion

Kamyshinskiy—R2.576 billion

Kikvidzenskiy—R3.800 billion

Kletskiy—R2.500 billion

Kotelnikovskiy—R6.800 billion

Kumylzhenskiy—R5.330 billion

Leninskiy—R5.315 billion

Mikhaylovskiy—R5.350 billion

Nekhayevskiy—R4.450 billion

Nikolayevskiy—R5.900 billion

Novoanninskiy—R5.800 billion

Novonikolayevskiy—R2.600 billion

Oktyabrskiy—R5.389 billion

Olkhovskiy—R3.729 billion

Pallasovskiy—R7.800 billion

Rudnyanskiy—R4.100 billion

Svetloyarskiy—R3.291 billion

Serafimovichskiy—R6.300 billion

Sredneakhtubinskiy—R7.290 billion

Staropoltavskiy—R5.100 billion

Surovikinskiy—R3.500 billion

Uryupinskiy—R6.800 billion

Frolovskiy—R920 million

Chernyshkovskiy—R5.340 billion

Total: R144.051 billion

Article 9. Oblast administrations shall not make decisions in 1995 leading to increases in employee strength in the organs of executive authority.

Article 10. Untimely reimbursement of oblast budget funds which were afforded on a reimbursement basis, as well as delinquency in the payment of interest on use of these funds and non-special- purpose use of funds in the nonacceptance method of payment, shall incur the imposition of a fine in the amount of double the existing prime rate of the Russian Federation Central Bank.

Article 11. To consolidate (include) in the oblast budget, beginning in 1995, monies from specialized, off-budget funds formed in accordance with Russian Federation legislation from special taxes and fees—namely, the territorial road fund and ecology fund, for standard detriment to the environment, while maintaining their special-purpose designation.

Transactions involving special-purpose budget funds shall be effected only through the Volgograd branch of the Russian Federation Central Bank, or through authorized commercial banks at the direction of the oblast administration.

Article 12. Oblast administrations shall submit for examination and approval by the oblast Duma, prior to 1 April 1995, outlay estimates and regulations for the special-purpose budget funds enumerated in Article 11 of this law.

Article 13. With the aim of stabilizing the financing of outlays by budget classification, to authorize oblast administrations to issue oblast promissory notes into circulation in a volume not exceeding 10 percent of the revenues received in the consolidated oblast budget.

Article 14. To approve the listing of protected expenditure line items of the oblast budget subject to primary financing, in accordance with the appendix.

Article 15. Oblast administrations shall submit, prior to 15 March 1995, their listing of special-purpose oblast programs and procedure for their financing, along with the specifics applicable to cities and rayons, for approval by the oblast Duma.

Article 16. Oblast administrations shall draw up, based on results of first quarter 1995, the draft Volgograd Oblast Law "On Revisions to the 1995 Oblast Budget."

[Signed] I.P. Shabunin, head of oblast administration

27 March 1995

No. 22-OD

Adopted by the Oblast Duma 2 March 1995.

Appendix to the Volgograd Oblast Law "On the 1995 Oblast Budget": Listing of Protected Expenditure Line Items of the Oblast Budget Subject to Priority Financing

1. Wages, taking mandatory withholdings into account
2. Stipends
3. State allowances, other social and compensatory payments to the populace
4. Nourishment
5. Acquisition of medicines, bandages, and dressings
6. Acquisition of soft belongings, goods, and clothing (ordinary possessions)
7. Household expenditures (heating, lighting, rent, safeguarding of premises)
8. Appropriations for summer health improvement measures.

Tyumen Oblast Organizational Conflict Examined

954F2388A Moscow ROSSIYSKAYA GAZETA in Russian 19 May 95 p 4

[Article by Anna Kozyreva: "A Tyumen-Style Nesting Doll. In Western Siberia, War Is Brewing Between the 'North' and the 'South'"]

[FBIS Translated Text] Tyumen Oblast is one of the largest and richest in Russia. Last year it moved into first place among the regions in the output of electric power.

"Oil is our joy, and at the same time a plague," says the head of the Tyumen administration, Leonid Roketskiy. "The fact is that the birthplace of the oil and gas is located in Yamalia. But our intra-oblast relations have not been regulated, including the management of the oil and gas complex."

In Tyumen Oblast, to many typical Russian problems, one more has been added: territorial organization. Forming part of the oblast are two components of the Federation—the Khanty-Mansi Autonomous Okrug and the Yamalo-Nenets Autonomous Okrug. They have independent budgets and their own development programs, and the three Federation components are absolutely equal according to the Constitution.

In the Basic Law of Russia, it is written: The inclusion of one component into another is possible. But the practice of such relations is in no way regulated. It would seem that the presence of three components on one territory could strengthen the position of the oblast, for example, in upholding regional interests. After all, Tyumen Oblast is represented in the Federation Council by six deputies at once: two from each of the components. And there are more opportunities for receiving budget resources. But in practice, this leads to many misunderstandings. On the one hand, over the course of many decades, unified structures and social security services were created for the entire territory of the oblast. All of the specialized hospitals were located in the south of the oblast, where the climate is a little better; also in the south are institutes, schools for disabled children, and vacation resorts. And bases for the delivery of goods are there too. But from them, along the rivers, the supplies went north.

On the other hand, a peculiarity of Tyumen Oblast, according to the admission of L. Roketskiy, consists in the fact that the okrugs are richer. In general, the north is considered rich, and the south, poor. In the north, the salaries, too, are 10 times higher. Those who live in the south know that for many years, it was precisely at their expense that the northern infrastructure was created. The "southerners" waited for a long time for the "northerners" to pay them their debts. In many regions in the south of Tyumen Oblast there are no roads, and gas and electricity have not been brought in. And today the "northerners" are insisting on full sovereignty.

The appearance of new boundaries has little influence on the economic conditions. But as far as politics are concerned, things are not that simple.

"The residents of the oblast have long been following the discord of the local politicians," says the head of the Tyumen administration; "and they find themselves at a loss: What do they want, anyway? The okrugs are trying to consolidate their sovereignty by any means. I cannot agree with the piecemeal dragging away of the oblast."

The resolution of the problem must be sought on the federal level. If the okrugs are to be completely detached, then the structure of the budget must also be changed.

At this point, Tyumen Oblast is unified. There also exists a unified legislative organ—the oblast Duma, elected from the entire territory. But the okrugs have their own dumas as well. Therefore, it is necessary to constantly coordinate the legislative acts of all three components. We end up with a kind of big nesting doll, and in it, others, somewhat smaller. To this day there is not in their statutes a single chapter on mutual relations between the oblast and the okrugs.

Incidentally, today there are in Russia nine such "complicatedly constructed" Federation components. It would not be a bad idea to secure the existence of a unified pension fund, a unified security service, and a unified police force in the appropriate federal law. For in the final analysis, we are talking about the long-term development of the Russian state. For the time being, they are saying: You were given independence—as you arrange matters, so it will be.

And one more curious peculiarity of the kray—all of the structures for managing and financing the oil and gas complex are based in Moscow, and all agreements on oil and gas deliveries are also concluded in the capital. Over the last two or three years on the territory of the oblast, not a single oil company of its own has been left. This was done under various tolerable pretexts; it was explained to me that sitting in Moscow, all questions are more easily resolved in the ministries and in the government, and that it is simpler to work with the banks.

Fortunately, shifts for the better have been contemplated lately. Not long ago, Leonid Roketskiy met with Viktor Chernomyrdin. In the words of the administration head, the prime minister is immersed in the problem. During the course of the meeting, an agreement was reached that in the near future, the first oil and gas company of its own will be created in Tyumen. That raises hopes and gives Tyumen residents a chance to resolve purely local problems. There will be a company of their own, which means that the okrugs as well will want to have closer contacts with the oblast. Because they will realize that Moscow is far away, but close by there is an opportunity both to invest money profitably and to receive a profit.

And there, we must assume, there will also appear a federal law providing a legal base for such complicated components as Tyumen Oblast. Then the Russian state will become stronger as well. And no one will frighten us with war between the "north" and the "south."

Economic Issues

Chubays Remark Possible Cause of Rise in Ruble

MM0606133795 Moscow IZVESTIYA in Russian 6 Jun 95 p 1

[Unattributed report: "Dollar Rate in Moscow: 2 June — 4943; 5 June — 4900. Did Chubays Have Something To Do With the Fall of the Dollar?"]

[FBIS Translated Text] Anatoliy Chubays' 1 June statement that the ruble rate would continue to rise until the end of the year may well have been one of the reasons for the dramatic increase in the supply of U.S. dollars in dealing on the Moscow Interbank Currency Exchange, in the view of Igor Doronin, an adviser at the Exchange.

At the moment it is hard to identify which factors played the decisive role in the dramatic increase in the volume of sales of U.S. currency, Igor Doronin told POSTFACTUM. One thing is already clear: An imbalance has developed on the financial market, and the banks are trying with all their might to get rid of the increasingly cheap dollar, since they are suffering losses on currency investments, he noted.

Paramonova on Fall in Dollar Rate

LD0606141595 Moscow ITAR-TASS in English 1221 GMT 6 Jun 95

[FBIS Transcribed Text] Moscow, June 6 (ITAR-TASS) — The fall of the dollar rate observed of late should be regarded as a normal phenomenon in the present economic situation, Tatyana Paramonova, acting Chairman of the Central Bank of Russia, said in an exclusive interview to ITAR-TASS. "If we tried to achieve this in January of this year, nothing would have possibly come out of this. But now the situation has changed radically. We constantly analyse the situation and see no reason for concern", she said.

Asked if there is a need to prop up the dollar rate now, Paramonova said: "My attitude to this is that of moderation. What happens in the stock exchange now is the reflection of the real situation. What it will be tomorrow depends on many causes, both economic and political".

Dollar's Strength Seen Artificially Caused

MK0606105095 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 6 Jun 95 p 1

[Report by Yuriy Ryazhskiy, Andrey Lapik: "The Bulls Cannot Do That, Not So the Yaks! ['Yaki — Da!' in Russian — pun on a Swedish pop group of a similar name]. Why Are They Lowering the Dollar Rate?"]

[FBIS Translated Text] There has never been anything like it. Traditionally, the ruble rate against the dollar is up by summer — stifling heat, no commercial activity, bankers vacationing on the Canary Islands; and the government, in Sochi. Inflation is wilting like an autumn leaf. But there you are — the dollar is falling and prices are climbing.

According to official data, inflation in May was 7-8 percent. During this same time the dollar shed 200 points. Poor thing, it is falling throughout the world. It has been mauled by the yen, the Deutsche mark has just been waiting for a chance to kick it, but for our limping ruble to do so.... Something is wrong here.

Acting Central Bank Chairman Tatyana Paramonova correctly noted the other day that the stability of a currency directly depends on the state of the national economy. That is, on the level of industrial production, the profitability of agriculture, the development of infrastructure, and so forth. Of course, not everything is okay in the American economy either: Exports do not match imports, social spending constantly has to be cut. But still it is somehow difficult to imagine that Clinton is faring even worse than Yeltsin and Chernomyrdin.

Yes, our production may have ceased shrinking. It may have even grown 1 percent in May. What of it? It had been shrinking for three and a half years. One month is clearly not enough to restore it. What is 1 percent after all? Essentially, a trifle. While formerly a Nizhnemochegonskiy plant [a fictitious name, which means 'Lower Diuretic'] churned out 100,000 tractors a year and now has cut production down to 2,000, it is enough to manufacture just an extra wheel — and voila!: a percentage of growth...

The home country's agriculture is still unable to produce more than one-third of the requisite food in terms of production volume and just a few percent in terms of produce selection. As for transport, roads, and communications, they'd better be passed over in silence, particularly so because there are not so many of them in this country anyway.

In short, all outward signs indicate that it is the ruble that should be falling, not the dollar.

In fact, this is what it is actually doing. Otherwise how can the May inflation be accounted for?

What is going on then? Outright speculation, which is being carried out by the Central Bank through the currency exchange. It is pursuing a number of objectives. First, the budget has to be financed somehow. The bank has no money of its own. It can only be taken from the population and commercial businesses. The latter initially did a good job of investing in short-term treasury bonds. But these are plainly a pyramid scheme; its attractiveness is diminishing, rates are falling. In addition, the IMF has been insisting that the government quit issuing treasury bonds as soon as possible: Not a single fund in the world is capable of paying for everything issued by our printing machines. There is no arguing with creditors.

The people are also fed up with playing these games, preferring the pleasant green of American presidents' portraits to all these deposits and promissory notes. It is here that the main thrust is aimed. With the help of two or three unsophisticated techniques, the Central Bank has slashed the dollar's exchange rate. The people become jittery and start selling bucks in the hope of rescuing their savings. The octopus of the Savings Bank becomes the natural sanctuary of the people's ruble supply, because the reputation of commercial banks has already been severely dented. The government gets trillions of rubles for free and uses them to mend holes in the budget.

As they say in the circus, there's nothing up his sleeve, and no cheating at all.

By fall, this bubble is set to burst, of course. In the view of our analysts, one dollar will be worth 7,000-8,000 rubles or, maybe, even more. But who cares if there is one "Black Tuesday" more or less? For Paramonova, a post in a commercial bank will be found, where she will be able to go on experimenting with macroeconomic theory. The Security Council, for its part, will yet again find yet another enemy connection in this conspiracy. It will even sentence a dozen or two fat bankers to exile in London.

It is hard to believe in something that does not exist. In stabilization, reform, or an influx of foreign capital. One can only believe in oneself and in one's own intuition, an intuition that says: The summer has come, now is the time to buy bucks. Or Deutsche marks. Let them lie for some time under your mattress before yet further resignations. For Chernomyrdins come and go, but the dollar stays.

Livshits: Russia To Switch to One-Currency System

LD0706111195 Moscow ITAR-TASS in English 1041 GMT 7 Jun 95

[By Robert Serebrennikov]

[FBIS Transcribed Text] Moscow, June 7 (ITAR-TASS) — The fall of the dollar in Russia indicates that the country will replace the two-currency system with a one-currency one, Aleksandr Livshits, Russian presidential aide for economic issues said.

It was bound to happen sooner or later. The point is how rapid the process will be, the economist said.

The uneven fall of the dollar may hurt the country's economy since the Central bank has to spend roubles on its interventions on the exchange. But the key problem is what will happen to the savings of people. There are not enough means to save them. It is unclear what is to be done if the dollar falls sharply against the rouble, the economist said.

The population bougth 40 trillion roubles' worth of dollars over the past five months. Proceeding from the rate of the dollar's carrying capacity in the United States, it must cost seven thousand roubles now, Livshits noted.

Dollar, Ruble Political Camps Seen Forming

954Q0193A Moscow NOVOYE VREMYA in Russian No 19-29, 29 May 95 [signed to press 16 May 95] p 13

[Article by Yuriy Buyda, under the "Point of View" rubric: "Authority Needs Money, and Money Needs Authority: The 'Party of the Ruble' and the 'Party of the Dollar' Can Unite Under the Wing of the Party of Power"]

[FBIS Translated Excerpts] The creation of two electoral movements headed by Viktor Chernomyrdin and Ivan Rybkin is an event of significance equal to that of the credit commercial banks will possibly make available to the government in exchange for the right to manage part of the federal property.

Strictly speaking, Russia has only two major parties—the "party of the ruble" and the "party of the dollar," whose interests usually do not coincide. In the first we can include those who are customarily called nationalists, as well as people incapable—for whatever reason—of keeping up with our changing life (for instance, pensioners). This large nest also has enough room for a variety of communist parties, whose ideology for about 60-70 years has ceased having anything to do with communism, since for decades it has played the role of imperial ideology. Therefore, the prevailing moods in the communist parties today are those of the statist and nationalist ideas. The "party of the dollar" includes members of the commercial elite, as well as all those for whom the green banknote with the portrait of the American President personifies the ability to live with dignity. Of course, the dividing line between them, as between "parties" per se, is purely symbolic.

The "party of the ruble" is numerous, has strong traditions, and counts on a strong state and bureaucracy that control society and private initiative. For the suspicious "speculators" from the "party of the dollar," the slogans were invented at the dawn of commodity production: individualism, initiative, and personal responsibility.

Analysts note that the existing system of distribution of power and income leads directly to the creation of a rentier economy, incapable of ensuring the dynamic competition needed by the country as a whole, not just by the "party of the dollar." The same system exacerbates the antagonism between the rich minority and the irritated majority, which on top of everything else weakens democracy, forcing it to draw on authoritarianism for support. It appears the Russian bourgeoisie, which does not possess its own influence or political experience, and enriches itself and survives courtesy of the bureaucracy, sees its future in a union with state authority. Such, alas, are political realities.

Historically the Russian bourgeoisie has never played the role the bourgeoisie played in France and England. The Russian rich were strongly dependent on the state. Their political associations and unions never became a force to transform Russia into a modern civilized society. But the bureaucracy, oriented toward tsarism with the persistence of the doomed, also pushed the bourgeoisie away from itself—from power. [passage omitted]

It is unlikely that Yeltsin and his retinue drew deliberately on this specific national experience. Today it is clear, however, that only people in power can reconcile the antagonism between the "party of the ruble" and the "party of the dollar," that is, between the desire for originality and the desire to build a dynamic economy and liberal society. In Russia, we are assured, a dynamic economy is unthinkable between a strong state. Creating a two-headed party is precisely what will remove this antagonism, although it does not mean of course that the banker Gusinskiy and General Korzhakov will join in a brotherly embrace. But at least the very fact of the Chernomyrdin-Rybkin alliance's existence—thanks to the vertical chain of command and Kremlin government communications telephones— promises to bring votes and perhaps will neutralize the negative impact on society of the pseudo-struggle between dwarf parties, which splits the democrats but does not keep the revanchists from consolidating.

On the other hand, the potential transfer of part of state industry to the control of commercial banks attests to a gradually forming union between the "new Russians" and the old nomenklatura, between the bourgeoisie and the state, which theoretically should facilitate a stabilization of the country and society. By repeating partly its own pre-October part, Russia at the same time is critically rethinking its history, and this may have positive consequences.

Livshits: New Economic Policy Package Pending

MK0706100095 Moscow SEGODNYA in Russian
7 Jun 95 p 1

[Report by Natalya Olenich in the "Macroeconomics" column: "Aleksandr Livshits: The Way of Budget Loans Is Too Uncertain. There Are Two 'Holy' Subsidies in Russia: For Christ the Savior Cathedral and the Victory Fund"]

[FBIS Translated Text] As Aleksandr Livshits, the Russian president's aide, said yesterday, a number of edicts by the head of state in the sphere of economic policy are pending. Two of them are at a stage close to signing, but "they are of such a quality that it is not even worth talking about them." A draft message "On the Budget Policy in 1996" is ready and has been sent to Yeltsin for consideration.

With respect to the implementation of the earlier signed economic edicts — in particular Edict 226 on enforcing financial discipline — according to Livshits, so far only two exceptions have been made in it: Additional money was provided to the Victory Fund and to the Christ the Savior Cathedral. Both, in his opinion, are "sacred." Any attempts to "sanctify" something else are rejected, although quite a few "loopholes" have appeared to circumvent some of the edict's propositions. In this connection a document is pending which is supposed to close one such loophole: budget loans. According to Aleksandr Livshits, "there are too many of them today;" "their way is unclear, while the mechanism for returning them is incomprehensible."

Livshits was noticeably stunned by the report of the State Duma's unwillingness to recommend Paramonova for the post of full-fledged Central Bank chairman. True, he spoke about the Russian authorities' success stories in the sphere of monetary policy, stating that "the two-currency system is slowly, monotonously coming to an end." The presidential aide also said that back on 6 January, when the ruble was hanging by a thread, it was already being discussed "what we shall do when the dollar collapses." The dollar was expected to fall in June, not in May, though. Aleksandr Livshits, however, does not think that as of now the dollar will be only falling. According to him, "the situation will be jerky; the dollar will be coming, returning, and going again." Livshits complained that apart from currency intervention, the Central Bank has virtually no tools to make an impact on this process.

Central Bank Currency Reserves Total $9 Billion

LD0606125895 Moscow INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY in Russian
1115 GMT 6 Jun 95

[FBIS Translated Text] At the beginning of June, the Central Bank's hard currency reserves constituted about $9 billion, the Ekho Moskvy radio station learned today from sources in the Russian Federation Central Bank.

"They were much smaller at the end of January this year," an important official of the Russian Federation Central Bank, who declined to be identified, told the Ekho Moskvy radio station. Then we were moving very fast toward a new Black Tuesday [reference to ruble crash in late 1994]. But we managed to reverse the situation then. Now we have a new problem — how to stop the dollar from going straight down, because this will negatively affect the exporters."

Paramonova's Chances To Become CBR Head Diminish

MK0706075095 Moscow SEGODNYA in Russian 7 Jun 95 p 1

[Report by Petr Zhuravlev, Olga Romanova under the "Intrigue" rubric: "Tatyana Paramonova's Chances To Be Approved as Central Bank Chairman Diminish. Duma Budget Committee Has Refused Her a Recommendation"]

[FBIS Translated Text] Most members of the State Duma's Budget Committee (12 out of 23 members present) voted yesterday against recommending to the chamber that Tatyana Paramonova's candidacy be confirmed 9 June as chairman of the Russian Federation Central Bank [CBR]. While earlier some could predict a favorable outcome of the Duma vote for Paramonova, now the reasons for such forecasts have diminished.

It is well known that earlier the "Russia's Choice" faction decided to back Paramonova's candidacy, seeing her as a "tough monetarist." By some accounts, members of the budget committee from the Agrarian Party faction also voted for her. A number of other deputies, including those who are currently independent, appear to have done the same. In other words, it was fairly difficult for journalists to determine who of the budget committee members present at the meeting voted against Paramonova. All the more so, since in the unanimous view of those who agreed to share details of the discussion with reporters, there were no particularly negative statements regarding the acting Central Bank head. On the other hand, many people noted that Paramonova was "bad" at answering questions.

Indeed, she said virtually nothing new. "Privatization of the Savings Bank is possible, but at this stage it would, perhaps, be inadvisable to talk about it..." An increase in mandatory reserve deductions "is an unpopular measure, but it was taken for the sake of the population, in order to bring down inflation..." "Banks and the population have started actively getting rid of dollars. We have been forced to buy large sums of dollars and to inject a large quantity of rubles in the economy. This may increase the money supply and the money base, but since the growth is being fueled by hard-currency savings, this is not that dangerous...."

Committee member Aleksandr Shokhin attempted to ask Paramonova a leading question, suggesting that she "give the government a piece of advice as to whether it should start borrowing dollars on the domestic, not foreign market, and isn't it time to change economic concepts." In response, she told the audience that "the idea is correct in principle" and was even "discussed" at the Central Bank one month ago.

Still, the issue does not appear to be "bad" answers, but the stance of certain commercial banks, which are extremely displeased with Paramonova and have considerable influence over some Duma members.

Turf Wars Hinder Distribution of Foreign Funds

MK0606104095 Moscow KOMMERSANT-DAILY in Russian 6 Jun 95 pp 1, 2

[Report by Konstantin Levin: "Foreign Investments. Government Replaces One Guardian With Another"]

[FBIS Translated Text] "Investments" is today's economic policy buzzword. This primarily applies to foreign investments. Attracting them to the Russian economy has not been a particular success so far; moreover, most investment projects on which agreements were concluded have not been implemented. One reason for the investment flop is the continuing interdepartmental war for control over the distribution of foreign funds. The distributor of foreign investments in Russia has changed several times over the past three years. The latest decision is contained in a government decree "On a Federal Center of Project Financing" officially circulated yesterday.

Foreign investments in Russia are having hard luck. First, they carry a rather appreciable political risk. At any rate, private foreign investors will be waiting for at least as long as the next presidential elections. Second, Russian inflation and taxes generally make all investment activities nonsensical. Third, the country still has no unified policy for the attraction of foreign investments. Nor are there corresponding norms and a legal base. True, some encouraging progress has already been made in this sphere: the State Duma has discussed a draft law on a securities market; earlier, the government passed a decree "On Measures to Develop a Securities Market in the Russian Federation;" in the pipeline are a whole string of other documents that are being developed in the depths of the federal commission on securities and the stock market. The latest legal innovations are expected to boost trust in both foreign and Russian investors in the Russian stock market.

One cannot expect an investment boom, however, even after all the necessary normative acts are passed. Private foreign investors that in fact cannot provide enough money will be waiting not only for the election results but mainly for genuine economic stability and predictability.

On the other hand, one can hope for the arrival in Russia, by the end of the year, of approximately $2 to $3 billion mainly from international financial organizations. This forecast is realistic enough if one considers the fact that over the past two years the World Bank has made available to Russia $4 billion in rehabilitation loans. This year, it may set aside more than $1 billion in addition. Notably, there are practically no obstacles to making available to Russia a $600 million loan to cover the balance of payments deficit, and the bank's board of directors will make a decision to provide it in the most immediate future. Whether the other credit lines of the World Bank are going to be opened (including those for the rehabilitation of the coal industry) as well as those of other international financial organizations directly depend on the Russian Government's efficiency.

Strictly speaking, the main problem lies not so much in getting the money as in putting it to use. Out of $4 billion the World Bank has set aside for Russia, only $800 million has been committed. While government organizations, whose job it is to attract and put to use foreign investments, are changing hands and status, investment projects become frozen at the stage where international financial organizations are supposed to make decisions on providing Russia with credits. Fines of 0.25 percent are being paid for the failure to use credits, while for the government the formation of a team of managers has proven an excessive burden. Whether the new government organ — a Federal Center of Project Financing — is to be a real center for the implementation of investment projects under agreements with international financial organizations depends on how soon the division of powers between government foreign investment trustees ends.

Guidelines for 1996 Budget Policy Issued

MM0706085295 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 2 Jun 95 pp 9, 11

[Unattributed report: "Budgetary Policy for 1996. Basic Guidelines" — from the "Departmental Supplement" section]

[FBIS Translated Text] The Russian Federation Finance Ministry proposes to draw up the draft federal budget for 1996 on the basis of the main guidelines of budgetary policy, the strategy and tactics of which were laid down by the Russian Federation president's message to the Federal Assembly "On the Effectiveness of State Power in Russia" and the Russian Federation Government program "Reform and the Development of the Russian Economy in 1995-1997" taking account of the forecast assessment of the execution of the federal budget in 1995.

The draft basic guidelines have been examined at a government session.

1. Macroeconomic Conditions for Budgetary Policy in 1996

This year there have been definite positive improvements as a result of the implementation of a moderately tough financial and monetary policy. Production volumes are stabilizing, inflation rates are falling, and the prerequisites for achieving financial stabilization by mid-1995 have been created.

As a result of the change in inflation dynamics and production volumes in the period since the start of the year clarifications have been made to the predicted level of GDP, which is expected to be 1,450 trillion rubles [R] in 1995 — R520 trillion higher than the working estimate used when drawing up the draft federal budget. Under these circumstances the predicted levels of revenue for the federal budget will be achieved.

Plans call for drawing up the draft federal budget for 1996 on the basis of the prerequisite of the successful resolution in 1995 of the task of strengthening the country's financial system, stabilizing production, and bringing about the beginning of economic growth. In 1996 this positive process should be backed up by a further improvement in the system for administering state finances. Exclusively market-based methods of borrowing on the domestic and foreign financial markets should be used to finance the deficit in 1996, as well as the limited use of loans from international finance organizations and foreign governments on a bilateral basis. This means that the 1996 budget deficit will not be inflationary, and that the regulation of the amount of money available to the economy, its liquidity, and, consequently, the level of inflation will become the exclusive prerogative of the Bank of Russia.

In order to successfully implement the concept of budgetary policy in 1996 it will be necessary to secure a low inflation rate, to pursue a consistently anti-inflationary monetary policy, and to ensure close cooperation between the Bank of Russia and the Finance Ministry on the questions of coordinating financial, credit, and monetary policy, the administration of state debt, securities-market policy, and policy regarding foreign hard-currency assets.

It is planned to compile the economic development forecast and the draft federal budget for 1996 on the basis of the following avenues of credit and monetary policy:

1) Credit Policy

It is assumed that support will be provided for real interest rates in the economy and access to bank lending resources for all solvent economic players. The forecast for the discount rate is 35-40 percent. Commercial bank refinancing will be conducted exclusively on market principles, and the Bank of Russia will gradually end the practice of covering commercial banks' deferred debts through the interest rates applied to new centralized credits, strengthen its oversight of commercial banks' operations, and step up control over the meeting by the banks of economic normatives, bringing them into a more or less unified form. The main tools of credit and monetary regulation will be credit auctions, rediscounting operations, and collateral loans.

2) Operations on the Open Market

These will be one of the main tools for controlling the growth of monetary and lending organs' net internal assets and for maintaining, along with other instruments, the necessary level of liquidity in the economy. The Bank of Russia will coordinate with the Finance Ministry operations using state securities issued on market conditions.

3) Foreign-Exchange Policy and International Reserves Policy.

The existing unified system of free foreign-currency exchange will be maintained and substantially improved. After building up minimum foreign reserves in the course of 1995, the Bank of Russia will restrict lending and monetary organs' operations on the foreign exchanges mainly to operations to even out exchange-rate fluctuations. It would be expedient to ensure the further growth of international reserves, taking account of the overall targets for macroeconomic policy in 1996.

Given the need to implement a consistent and rational monetary and credit policy in 1996 aimed at maintaining and accelerating the incipient restructuring of the economy and ensuring economic growth, we should strive to finally bear down on inflation and limit its growth rate to average no more than 1 percent a month.

In the event of the consistent implementation of this year's economic policy and the achievement of the set targets in the next year there will be increased demand for money and, correspondingly, a decline in the speed of money circulation. This means that money-supply growth will be slightly higher (approximately 20-percent higher) than inflation — or approximately 30-35 percent over the course of the year. As a result, there will be an increase in the real balance of money in 1996, which will promote an improvement in the overall economic situation and conditions for domestic lending. The ruble-dollar rate is forecast to be around 5,800 rubles to the dollar next year.

Improvements in the rate of economic development in 1995, and the fact that demand restrictions will cease to be a barrier to increases in production once real money-supply growth in the economy begins, show that it will be possible for economic growth to begin in 1996. According to preliminary and coordinated calculations by the Ministry of Economics and the Ministry of Finance, the growth rate of real GDP in 1996 will be 98-102 percent compared with 1995. Nominal GDP is expected to be around R1,800 trillion in 1996.

The ending of the production slump will create more favorable conditions for budget funding by stabilizing tax revenue, while savings growth will create the prerequisites for using domestic borrowings to fund the budget deficit.

At a time of production and GDP stabilization, the task should be set of further reducing the federal budget deficit. In 1996 adequate conditions will not yet have been created for sharply reducing the deficit to 3 percent and less of GDP. The planned improvement in the economic outlook in 1996 will not make it possible to offset the decline in budget funding caused by the fall in the level of the deficit. An analysis of accessible noninflationary sources for funding the deficit in 1996 makes it possible to forecast a federal budget deficit of 4 percent of GDP, or of the order of R76 trillion.

The noninflationary principle of budget deficit funding will be maintained in 1996. Plans call for using as sources of funding the proceeds from the issue of various kinds of securities, net of redemption costs, of R40 trillion, net external funding (taking account of principal-redemption payments) of R7.6 trillion, revenue from the purchase of state securities on the secondary market by the Central Bank of R5.0 trillion, and the raising of credit resources from international financial organizations of R23.4 trillion.

Moreover, it will be expedient to maintain the practice that has existed this year of the Central Bank's making credit resources available to the market to cover cash shortfalls [na kassovyy razryv].

In 1996 there will be a gradual transition from the issuance of short-term state securities to the issuance of one- to three-year medium-term and long-term state securities ensuring real rates and a high level of liquidity. In the context of falling inflation and given the reliability of government paper, the placing of fixed-interest state securities will be very attractive not only for large investors but for the population as well.

2. Goals and Tasks of Budgetary Policy in 1996

Given that budgetary policy is an effective means of regulating macroeconomic ratios, in shaping the federal budget for 1996 the tasks will be set of stabilizing production and shaping the conditions for the subsequent growth of economic potential on the basis of a lower inflation rate, the creation of a favorable investment climate in the country for implementing the restructuring program, and the concentration of financial resources on priority avenues of the country's economic development.

The safeguarding of social stability and the creation of the conditions for boosting the population's living standards are a most important task for budgetary policy.

To this end, the draft federal budget for 1996 envisages resolving the following tasks:

1) In the Sphere of Tax Policy

In 1995-1996, plans call for introducing substantial changes to the current tax system in the Russian Federation, relating to the nominal reduction of the tax burden for commodity producers. At the same time, plans also call for implementing urgent measures to ensure the collection of taxes and other budget revenue.

The real lowering of the tax burden will be achieved through abolishing the special tax, the tax on exceeding the level of labor remuneration included in prime cost over and above a standard level, and a number of other small taxes. Moreover, measures will be taken in 1995 to simplify tax procedures for small enterprises, to lower the level of fines payable for tax violations, and to expand taxpayers' rights.

The biggest negative influence on the revenue base in 1996 will be the removal of tax restrictions on enterprises' remuneration expenditure. It is estimated that this could lead in 1996 to the budget losing a total of up to R25 trillion, including R7-8 trillion in losses to the federal budget. Some of this amount will be offset by the growth in budget revenue from individual income tax as a result of the increased expenditure on pay. As a result, revenue to Russian Federation component budgets and local budgets in 1996 should rise by R5-7 trillion.

It is also planned to scrap taxes payable to budgets when the tax charge is applied to earnings from the sale of commodities or their prime cost.

Since the exempted source will be profits (whose actual taxable charge will fall as a result of the abolition of regulation of the level of the labor remuneration fund included in prime cost) it will be expedient to offset this fall in state budget revenue by increasing the profits-tax rate, and to offset the fall in Road Fund revenue by introducing duty on fuels and lubricants (as an alternative to 1-2-percent VAT).

As a result, commodity producers will benefit through the overall decline in the tax burden and a reduction in the number of taxes, while the budget will partly offset the lost revenue.

The abolition of the tax on exceeding the labor remuneration fund presupposes a gradual increase in the overall tax yield accounted for by taxes levied on citizens — a proportion that will continue to be virtually the only direct regulator of individual incomes in 1996. The scale within the previously established minimum and maximum rates will undergo changes. Moreover, the tax burden for individuals with low incomes will be eased somewhat.

The role of property and land taxation as a source of revenue for regional and local budgets will be increased as a result of expanding the rights of Russian Federation component organs of power and organs of local self-government to levy these taxes. This will also be promoted by the amendments adopted by the State Duma and sent for signing by the Russian Federation president to the legislation on the tax on enterprise property, under which some of the existing concessions under this tax will be abolished (including the exemption enjoyed by newly created enterprises in their first year of operation). Revenue from the enterprise property tax is calculated to increase by R16.9 trillion in 1996 compared with this year, while the land tax (which is to be channelled to local budgets in its entirety) will increase by R3-4 trillion.

During this year, plans call for adopting a federal law to simplify the tax system and accounting procedures for small enterprises. This law will envisage moving corporate taxpayers and individual entrepreneurs to the payment of a single tax in the form of a patent acquired by them. By decision of the regional organs of power the size of this tax may be calculated on the basis of indicators ratified by these authorities, but it may not be below a level defined as a percentage of small enterprise incomes. This mechanism will be an effective means of combating cash transactions that are unrecorded for tax purposes and, at the same time, will make things easier for law-abiding taxpayers.

During 1995 it will be necessary to clarify some of the existing income-tax allowances. The existing procedure allowing full tax exemption for all interest payments on citizens' bank deposits, as well as for insurance payments on personal voluntary insurance should be changed, with a view to retaining these allowances for interest and insurance payments only up to an amount calculated on the basis of the current Bank of Russia refinancing rate. This decision will not affect the interests of lower- and middle-income groups, but it will make it possible to close some widely used tax-evasion loopholes. In these circumstances tax should be deducted at source, irrespective of the amount produced, at a fixed rate (15 percent, for instance) [sentence as published].

Moreover, it is necessary to reduce the volume of funds, exempt from citizens' aggregate annual taxable income, used to build (acquire) housing, or used to repay bank loans obtained for this purpose. This allowance currently stands at 5,000 times the monthly minimum wage per annum for three years (in other words, with a minimum wage of R35,000, it comes to R525 million, or more than $100,000). This allowance effectively removes some high earners from tax altogether, which is hardly fair.

In 1995 the current mechanism for the payment of income tax by citizens who earn income other than from their main place of work should be changed by abandoning the compulsory submission of declarations by citizens with such income, and deducting tax from these incomes at source, irrespective of their size, at the maximum rate of tax. At the end of the year citizens will be entitled to recover any overpaid tax adjusted for inflation.

2) Budgetary Policy in the Sphere of Expenditures

Given the impossibility of fully meeting the requirements of all sectors of the economy, financial support in 1996 will be provided to the most promising priority areas capable of strengthening the country's production potential and simultaneously increasing budget revenue. Particular attention in the coming year — which will be decisive on the path of implementing economic reform and in the country's domestic political life — will be given to the implementation of an active social policy.

In the Sphere of Structural Policy

The priorities of structural policy in the sphere of industrial production should be defined. These are, above all, export-oriented high-tech sectors (the oil and gas industry, metallurgy, and high-tech sectors), as well as a limited list of promising sectors and technologies. The proportion of priority sectors and avenues of industrial production should not exceed 15-20 percent of total production volume.

The budget funds used for investment will primarily be provided for high-efficiency industrial projects on a competitive basis.

Provision of Support to the Agro-Industrial Complex

It is envisaged that avenues to ensure the country's requirements for food and agricultural raw materials will take priority in the allocation of funds to the agro-industrial complex in the coming year. Plans call for maintaining support for the agro-industrial complex from federal budget funds at this year's level.

In 1996 plans call for implementing a protectionist policy for Russian agricultural producers on the foreign and domestic markets. The preferential tax policy for agro-industrial complex enterprises will be maintained, which will make it possible for the sector to use an additional R9-10 trillion.

Principles of the Funding of Defense Spending and Expenditure on the Maintenance of Force Structures

The draft federal budget envisages maintaining the proportion of spending on national defense at this year's level (21 percent of total budget expenditure), which will make it possible to ensure the material and technical supply of the Army so as to safeguard its combat capability, and to maintain the process of developing state-of-the-art weapons and military hardware.

Plans call for focusing the funding of state defense orders as much as possible on the production of state-of-the-art weapons and military hardware while keeping full records of existing stocks and reducing the range of items ordered.

Owing to the limited nature of federal budget funds it is planned not to carry out any further increase in the proportion of Armed Forces manpower acquisition on a voluntary basis — by contract.

It will be expedient to leave military R&D spending at this year's level — that is, at 10 percent of total spending on Armed Forces' organizational development and upkeep (or around R2.2 trillion).

In the coming year it will be expedient to examine the question of increasing federal budget expenditure on law-enforcement activity and security organs in connection with the need to step up economic security and the fight against crime.

Implementation of Social Policy

Plans call for ensuring that budget expenditure on the maintenance of educational, scientific, and cultural institutions as well as establishments providing social protection for the population will be no lower than the 1995 level, while the effectiveness of the use of the funds allocated and the attraction of nonbudgetary sources of funding will be increased.

Moreover, the structure of health spending is to be implemented out of budget funds, given that, in accordance with the Russian Federation law "On the Medical Insurance of Citizens," budget appropriations will be allocated to develop the material and technical base, pay for expensive kinds of medical aid and medical equipment, provide backup for medical institutions providing aid for socially important diseases, and ensure other measures not part of the compulsory medical insurance program, as well as payments to compulsory medical insurance funds for the nonworking population.

A contract system for the education of students is to be introduced.

In the coming year, plans call for maintaining the existing overall level of insurance contributions to state nonbudgetary funds.

When the draft federal budget for 1996 is being drawn up an inventory of spending should be taken. To this end it is proposed that a number of measures to cut the expenditure side of the federal budget be taken:

— the abandonment of budget loans, whose issue destabilizes execution of the budget;

— the reduction of the list of federal targeted programs by combining duplicate programs; the definition of several promising areas which should be funded on a priority basis;

— the decentralization of the investment process by increasing the role played by enterprises' internal (own) sources of funding to finance investment projects at a time of falling inflation and refinancing rates;

— the creation of economically advantageous conditions for the implementation of efficient investment projects financed on the basis of tenders; the expansion of the practice of their joint (shared) state and commercial funding;

— the continued implementation of the policy of lowering the level of budget subsidies for the coal sector by implementing measures to restructure the sector, improve pricing policy, and raise foreign sources of funding, including funds from international financial organizations;

— the nonprovision in the budget of funds to bridge the interest-rate gap on soft loans issued to private farms in 1992-1993, and other inefficient avenues of state support for agricultural commodity producers, retaining the funds thereby released (more than R500 billion) within the agro-industrial complex;

— the implementation of measures aimed at increasing the effectiveness of the use of appropriations allocated while maintaining methodological approaches to the shaping of defense spending;

— the revision of material support for vocational and technical college students with a view to maintaining full state support solely for orphans and children without parental care (R51.3 billion);

— the transfer of the funding of the system of vocational and technical education, a number of secondary educational establishments, cultural institutions, and teacher-training, medical, and agricultural higher educational establishments training cadres for the regions, as well as regional state TV and radio companies from the federal budget to Russian Federation component budgets (R663.9 billion) with an equivalent transfer of sources of revenue;

— the implementation in 1995 of improvements to the administrative structure by way of reducing spending on the upkeep of administrative personnel.

Pressure on the budget will increase in 1996 as a result of the growth of spending on the servicing and redemption of state debt. Whereas spending on the redemption and servicing of state debt came to 5.6 percent of total expenditure (in the 1995 structure) in 1994, and to 9.7 percent in 1995, next year this spending is expected to be around 20-22 percent, which will lead to a reduction in the proportion of other items of budget expenditure. But, given measures to cut the expenditure side of the budget, the proportion of federal budget expenditure is expected to be around 18-19 percent of GDP, which corresponds to the expected level this year.

In the coming year, plans call for stepping up controls over the expenditure of budgetary funds. Controls will be tightened at the preliminary and subsequent stages of the budget process. The resolution of this issue will be promoted by the full transition to execution of the federal budget through Federal Treasury organs and the switching of budget execution to a new classification system. Plans call for carrying out checks into the targeted nature of the utilization of previously allocated budget funds.

3) The Development of Budget Reforms

In 1996 comprehensive budget reform is to be carried out affecting:

— the reform of the budgetary system in Russia as a whole;

— the clarification of the system of interbudgetary relations at the Russian Federation-Russian Federation component level; and

— the enshrining in law of budgetary powers between Russian Federation components and local budgets.

1. The first step in reforming the budget system should be the radical reworking in 1996 and, in effect, the adoption, of a fundamental new law on the budget system and budget process in the Russian Federation (the Russian Budget Code), which should define:

— the main provisions of the state's federal budgetary, financial, and fiscal policy establishing, in particular, the equality of all Russian Federation components in their budget relations with federal organs of state power;

— the principles of the formation of the budgetary system of Russia, as a federal state, which takes the form of the totality of independent budgets — federal, Russian Federation component, and local budgets;

— regulations covering the activity of organs of state power at all levels in compiling, examining, ratifying, and executing budgets;

— the foundations of budget regulations and the partial redistribution of financial resources between Russian Federation components.

2. Fundamental changes were made to the system of interbudgetary relations at the federal government-Russian Federation component level in 1994, whereby a system of regional leveling out was introduced in place of the traditional system of regulation "from above" territories' revenues, the stringent regulation of spending on every item of their expenditure, and the restriction of the rights and abilities of local organs of power in questions of budgetary policy (which objectively led to a decline in their responsibility for justifiable and realistic budgets). The essence of this system, which is ultimately aimed at evening out the level of financial provision to the regions, is that a single transfer fund of financial support to Russian Federation components is set up out of a legislatively defined part of the general state sources of revenue which are building up at federal level (in 1994 and 1995 this amounted to 22 and 27 percent of VAT respectively). Total provision of financial resources from the federal budget to Russian Federation component budgets is determined on the basis of a principle (formula) standard for all which entirely rules out the possibility of any arbitrary decisions being made to provide financial stimulation to certain territories at the expense of others.

The results of the functioning of the mechanism of transfer payments in 1994-1995 revealed both its undoubted merits (the creation of a strictly targeted budgetary fund distributed on the basis of clearly defined criteria), and the need to improve it with a view to further decentralizing financial resources, enhancing the interest of local organs of state power in expanding their own revenue base, developing investment activity, and implementing structural transformations in regional economies.

It seems expedient to conduct this work in the following areas:

— expanding the list of taxes under the control [v vedenii] of Russian Federation components, not least by a 20-percent transfer of the deductions raised from customs duties (R6.4 trillion planned for 1995);

— abandoning the centralization at federal level of part of the land tax (R0.3 trillion planned for 1995);

— enshrining in law to Russian Federation components for not less than three to five years stable normatives for crediting federal taxes to their budgets in the amounts adopted under the 1995 budget. It is necessary to establish the fact that key types of federal taxes and imposts cannot be completely transferred to regional budgets. For individual income tax it would be expedient to lay down the distribution ratio adopted for 1995 — 10-90 — envisaging its targeted use for offsetting additional spending by Russian Federation component budgets over the course of the year as a result of decisions adopted at federal level;

— expanding the list of sources shaping the fund for financial support to the regions, by including in it profits tax in addition to VAT;

— adopting as a basic criterion for allowing regions to stake a claim to a transfer payment a level of per-capita budget provision and its correlation to similar indicators in other parts of the given economic region in the "premarket" baseline year of 1991;

— revising the plan of grouping territories by economic region, taking account of their economic potential, geographic position, and natural conditions;

— abandoning the regular clarification of each region's share of the transfer payments fund by basing transactions on the most recent report indicators (the bad principle of "planning on the basis of what has been achieved");

— transferring expenditure in areas serving primarily narrow territorial needs whose regulation at federal level leads to a dissipation of funds and impedes the implementation of urgent structural transformations to be funded out of Russian Federation component budgets;

— for territories for which the total transfer payment exceeds a set percentage of their current expenditure (but not less than 50 percent), the Financial Support

Fund for Russian Federation components makes provision for monies channeled in the form of direct subsidies for purposes laid down by individual decisions of the Russian Federation president (Government). This applies primarily to federal programs for the social development of certain regions (with the exception of investment spending);

— support for territories at federal level, including regions with an underdeveloped tax base and very low revenues, should not deprive them of an incentive to develop their own revenue base. Consequently, financial aid from the centralized budget fund should be limited to the current minimum expenditure necessary to make provision for the lives of the population. The problems of investment activity and other capital expenditure can be resolved at federal level in the event of their scale (importance) going beyond the bounds of regional interests.

3. This year we will have to create the conditions for regulating the Russian Federation component-local budget relationship at an objective level. This is necessary in order to finally complete budgetary reform and create a unified system for equalizing the positions of territories based on the objective principles of interbudgetary relations. It is proposed to use income tax, which remains almost entirely within the control of Russian Federation components, as a source for interbudgetary regulation at grass-roots level. It is envisaged that the action of this new mechanism for interbudgetary regulation will be enshrined in law in order to ensure a unified normative legal area covering all Russian Federation territory.

3. Foreign Economic Activity and Russia's Foreign Debt

The main sources of income for foreign economic activity in 1996 will continue to be the revenue from import operations and centralized exports of weapons and military hardware. In 1996 it is planned to replace some import duty rates in excess of 30 percent with internal excise duties.

In accordance with the government and Central Bank of the Russian Federation statement on economic policy in 1995, export duties should be entirely replaced as of 1 January 1996 by internal taxation, which will lead to a fall in revenue from foreign economic activity of $4.2-4.5 billion on the 1995 level. In the opinion of the Russian Finance Ministry, it will be expedient to return in 1996 to an examination of the question of maintaining export duty for strategic goods — oil, petroleum products, gas, nonferrous metals, military hardware, and weapons — since domestic prices for certain types of exports still considerably lag behind world price levels, and the introduction of a mechanism for gradually replacing export duty with excise duty will require detailed analysis and study. Moreover, a system for monitoring the levying of export duties (ensuring collection levels of 95-98 percent) and for tracking the repatriation of foreign-exchange earnings has currently been organized.

In connection with the removal of quantity restrictions on import operations and the lowering of the maximum tariff rates on certain imports and the weighted-average import-duty rate, the introduction of combined rates can be expected to increase the volume of goods imports in 1996 by 15-20 percent on this year's level, which is equivalent to a revenue increase of up to $2.8 billion under this heading.

The abolition of export duties in 1996 will lead to a loss of revenue for the budget of $1.5-1.8 billion.

A considerable proportion of foreign debt, which currently exceeds $120 billion, will be redeemed in 1996. Given the impossibility of carrying out all the payments falling due this year, work to reschedule the debt will continue. Given the growth of nondeferrable Russian debt payments, foreign borrowings in 1996 will be limited in both scale and structure. It is planned to arrange borrowings in the event of agreement being reached with creditors on terms for granting loans that will not have a substantial impact on the level of foreign-debt servicing over the next two years.

The draft federal budget for 1996 includes $8.5 billion of expenditure for the servicing and redemption of foreign debt.

The draft budget makes provision for $8.7 billion in financial resources used to finance import purchases, including:

— $4.0 billion in nontied financial loans from international finance organizations;

— $1.5 billion in nontied financial borrowings on the international capital markets;

— $2.4 billion in tied export credits;

— $0.8 billion in tied loans from international finance organizations.

Budget receipts from the redemption of debtor countries' debts will remain insignificant and are forecast at $1.0 billion in 1996. Moreover, it is planned to obtain an additional $0.5 billion from the sale of foreign financial assets on the secondary market for debt.

In accordance with intergovernmental agreements Russia is continuing to grant state loans to a number of developing countries; budget expenditure in this area will come to $0.5 billion.

Agreements have been signed with a number of countries to redeem debts through the delivery of goods and the provision of services. Under these agreements the draft budget envisages expenditure of $1.5 billion to finance Russian enterprises and organizations working to implement intergovernmental agreements.

4. Relations With International Financial Organizations in 1996

Within the framework of cooperation with international financial organizations it is planned to raise a number of loans in 1996 from the International and European Banks for Reconstruction and Development in the form of financial and investment credits. It is planned to use $0.9 billion in financial credits and $0.8 billion in investment credits. The investment loan funds will be used to support industrial sectors ($246 million) — including $175 million to renovate the oil extraction industry — to support agriculture ($106.6 million), to develop financial institutions ($70 million), and for other purposes. As for the financial loans, to all intents and purposes they will be used to cover the budget deficit. Hardly any funds are being utilized under current International Bank for Reconstruction and Development [IBRD] and European Bank for Reconstruction and Development [EBRD] plans, and this trend may persist to the end of this year. Given the prevailing situation, it is planned to include in the 1996 draft budget some of the funds included in the 1995 draft budget.

Apart from IBRD and EBRD loans it is planned to use in 1996 $1.1 billion of the final tranche of the IMF standby credit that was granted this year. These funds will be used to cover the budget deficit. Moreover, in the event of Russia's successful fulfillment of the economic program under the standby credit agreement, talks could be held with the IMF in late 1995 on granting the Russian Federation a so-called 3-year extended standby credit (EFF) [English abbreviation in original]. If events develop favorably in 1996 Russia could obtain around $2 billion from it.

The proposed expenditure on servicing loans and contributions to international financial organizations' capital structures will come to around $880 million in 1996. Of this it is planned to spend $160 million on servicing IBRD and EBRD loans, and $692 million on servicing IMF credits. Moreover, Russia's contributions to the capital structure of the International Development Association will be 12 million special drawing rights (equivalent to $18.7 million at 31 March 1995), while its contribution to the EBRD's capital will be $9.3 million.

Poor Need R25 Trillion To Reach Subsistence Level

LD0606202495 Moscow INTERFAX in English
1901 GMT 6 Jun 95

[FBIS Transcribed Text] Moscow, June 6 (INTERFAX) — The state should appropriate nearly 25 trillion rubles for Russian citizens living below the poverty line to reach the level of subsistence, Nikolay Lagutin, head of the income analysis and forecast sector in the Finance Ministry's finance and credit department, told INTERFAX Tuesday.

He said that there are 45 million poor people, or nearly one third of the country's population, in Russia. The subsistence level has been set at 218,000 rubles a month.

Lagutin emphasized that the required amount could be found if the government so desired.

He said that the living standards of 80% of the country's population plunged in 1995, something which has not been noted for two years. According to Lagutin, 10% of the most affluent people account for one third of all cash incomes, or 100 trillion rubles. He explained that within four months the income of everybody in this bracket has been "well above" five million rubles.

On the other hand, the incomes of 60% over the same period were below 600,000 rubles.

International Affairs

Locations of UN Hostages in Bosnia Detailed

LD0606170295 Kiev UNIAN in Ukrainian
1515 GMT 6 Jun 95

[FBIS Translated Text] Kiev — With 58 Ukrainian peacekeepers still held hostage in the former Yugoslavia, 86 have been surrounded by Muslim government forces in the area of Gorazde, Ukraine's Foreign Minister Hennadiy Udovenko told a briefing at the Ministry today.

UNIAN can reveal that 43 Ukrainian servicemen, including Company Commander Lieutenant Colonel Kryuchkov, were detained at the weapons collection point in Ilidza and Krivoglavci. They are being held at locations around the populated area of Pale near Sarajevo. Five men, with Sergeant Major Kandalaki in charge, were arrested at observation post No. 5 in the vicinity of Gorazde. All servicemen have now been taken from Kopaci to Visegrad. Captain Vashchenko, the officer in charge of observation post No. 4, and six of his subordinates were also detained and are now in Cajnice. The location of three other Ukrainian peacekeepers, taken hostage at the beginning of June, remains unknown.

Udovenko Urges Joint Efforts To Free Hostages

LD0606181195 Moscow INTERFAX in English
1621 GMT 6 Jun 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] KIEV, June 6 (INTERFAX-UKRAINE) — Ukraine has come to the conclusion that all countries which have sent their peacekeepers to the Balkans must make a consolidated effort to free hostages in former Yugoslavia, Ukraine's Foreign Minister Hennadiy Udovenko stated during a briefing in Kiev on Tuesday [6 June].

Asked if Ukraine was planning to hold talks with the Bosnian Serbs on the liberation of the hostages, Udovenko told INTERFAX-UKRAINE that "additional measures to free the hostages, including direct talks at the level of experts, are not ruled out."

He said a plan on such additional measures has been drafted. "However, we can't just say: Free the Ukrainians and keep the French," said Udovenko.

He announced that 58 members of the Ukrainian peacekeeping contingent had been taken hostage near Zep, and 86 Ukrainian peacekeepers were blocked near Gorazde.

"The Ukrainian leaders are maintaining contacts with the U.N. and Security Council leaders, and with the Contact Group in former Yugoslavia," said Udovenko. "We are making every effort to increase diplomatic pressure for the sake of liberating the hostages," he said.

Zlenko: Independent Action Possible

LD0606110595 Kiev UNIAN in Ukrainian
0945 GMT 6 Jun 95

[FBIS Translated Text] Kiev — Speaking at a meeting of the UN Security Council in New York, Ukraine's permanent representative Anatoliy Zlenko warned that "if the United Nations and the UN Protection Force command fail to secure the release of the Ukrainian hostages [in Bosnia] in the near future, Ukraine will be prepared to use its own resources in making contact with the other side in order to free its citizens," the Ministry of Foreign Affairs told UNIAN.

Zlenko said, however, that Ukraine does not intend to "detach itself from the international effort to free the hostages." He pointed out, nonetheless, that the UN Security Council sanctions against the former Yugoslavia are ineffective as they have no political impact on the developments in Bosnia and Herzegovina.

Kuchma Not To Attend Black Sea Summit

LD0606201095 Moscow INTERFAX in English
2003 GMT 6 Jun 95

[FBIS Transcribed Text] KIEV, June 6 (INTERFAX-UKRAINE) — Ukrainian President Leonid Kuchma will not take part in the Black Sea Economic Cooperation (BSEC) organization summit, Ukrainian Foreign Minister Gennadiy Udovenko said in Kiev Tuesday [6 June].

He said that the president "is very busy with internal problems."

Udovenko stressed that Ukraine "attaches much attention to the activities of the BSEC organization."

The BSEC summit is to take place in Bucharest on June 30.

Territorial Disputes With Romania Noted

LD0606201695 Moscow INTERFAX in English
2003 GMT 6 Jun 95

[FBIS Transcribed Text] KIEV, June 6 (INTERFAX) — During the June 1-2 Kiev talks between Ukraine and Romania on the political treaty between the two countries, the parties failed to agree on several issues, including the mutual recognition of the state border, Vladimir

Vasilenko, Ambassador at large of the Ukrainian Foreign Ministry and head of the Ukrainian delegation said in Kiev Tuesday [6 June].

However he said there had been "progress" on certain issues. For example, the article on the status of ethnic minorities was agreed on.

"Unfortunately, on the verge of the third round statements by some officials appeared in the Romanian press, which virtually admitted that there are territorial disputes between the two countries," said Vasilenko.

He also said that the parties decided to hold the next round of talks in Bucharest in June.

Some Romanian politicians claim that certain territories of the Chernovtsiy region (Gertsevskiy area) and the Zmeinyy island in the Black Sea do not belong to Ukraine.

The present border between Ukraine and Romania is defined by the 1961 Soviet-Romanian treaty which was then ratified by both countries.

Egypt Said Studying Nuclear Cooperation Offer

LD0606115295 Moscow ITAR-TASS in English
1108 GMT 6 Jun 95

[Rafael Bikbayev]

[FBIS Transcribed Text] CAIRO, June 6 (ITAR-TASS) - Egypt is currently studying Ukraine's offer to cooperate in the peaceful uses of nuclear energy, the newspaper "Al-Ahram" reported today with reference to a statement by Nabil Hazek, head of the Egyptian Nuclear Materials Agency.

He said that the Egyptian side had received a draft "Protocol of Intentions", drawn up in Kiev. It envisages cooperation in prospecting, mining, and enriching uranium. The document says that the results of such joint efforts will be used only for peaceful purposes, including the construction of nuclear power plants and water-purification facilities.

ITAR-TASS asked for information concerning the offer from officials of the Ukrainian Embassy in Cairo, who could not give any details concerning the foregoing protocol, because they "had not read today's newspapers". Egypt attended last month a meeting of representatives from the atomic agencies of different countries, which was arranged in the Ukrainian capital by the International Atomic Energy Agency. According to Assistant Head of the Egyptian Nuclear Materials Agency Mamduh 'Abd-al-Gafur, "many countries have expressed their desire to establish cooperation with us". He said that they included Russia, Zambia, Spain, China and Romania.

Hungary Detains Ship Violating FRY Embargo

LD0606154795 Kiev UNIAN in Ukrainian
1245 GMT 6 Jun 95

[FBIS Translated Text] Odessa Region — Hungarian authorities are holding the Ukrainian bulk carrier Zadonsk from Izmail; it is detained in the Hungarian port of Mohacs. The ship, spending its third day under detention, is loaded with 44 tonnes of diesel fuel which the crew attempted to deliver to the former Yugoslavia in violation of the UN embargo.

Volodymyr Kyrychenko, a representative of the Ukrainian Danube Shipping Company in Budapest, and an official of the Ukrainian Embassy in Hungary are investigating the circumstances of the detention and the ownership of the cargo. Meanwhile, a special commission is being sent to Hungary to investigate the incident.

National Affairs

Kuchma on Implementation of Law on Power

LD0706103395 Kiev UNIAN in Ukrainian
0850 GMT 7 Jun 95

[FBIS Translated Text] Kiev — At a session of the Ukrainian Supreme Council on 7 June, President Leonid Kuchma said that even now he "does not doubt" his "right to appeal to the people of Ukraine" and believes that this is probably the only way out.

He said the decision on the plebiscite to a certain extent helped the president and the Supreme Council to understand that they were standing "before an abyss."

Leonid Kuchma believes that implementation of the law on power will enable the executive power to act appropriately to the situation which has arisen, will strengthen the executive power, will stop confrontation, and open the way for Ukraine to join the Council of Europe, "which is inclined to consider the law on power as a small Ukrainian constitution."

The Ukrainian president spoke in favor of: establishing a monthly government's day in parliament; setting up a permanent group of lawyers and economists from the Supreme Council and the administration to jointly draw up laws; a moratorium on political debates in the parliament; and monthly meetings between the president, the Supreme Council leadership, and leaders of factions and parliamentary groups.

Background, Effects of 'Poll Game' Viewed

WS0606111595 Kiev VYBIR in English 0730 GMT 6 Jun 95

[Article by Viktor Tkachuk: "President of Ukraine Pushes Power Bill Through Parliament, Doubting People's Trust in Supreme Council" — from the "Ukrainian News" feature No. 22]

[FBIS Transcribed Text] On May 31, President of Ukraine Leonid Kuchma called for a national referendum on the highest bodies of state power in Ukraine. That same day he signed a Decree on Plebiscite, scheduled for June 28, 1995. Citizens will be posed two questions: Do you trust the President of Ukraine? Do you trust the Verkhovna Rada [Supreme Council] of Ukraine?

Explaining the reasons for his decision, Leonid Kuchma accused the legislature of actively opposing economic reforms and blocking the implementation of the recently adopted Law on Power. Under the Presidential Decree, if both the above questions are answered in the affirmative or negative, each such questionnaire shall be held as invalid. In other words, the respondents will have to choose between the president and the parliament.

The very next day, June 1, the parliament vetoed the presidential decree, on grounds of violations of a number of Articles of the Constitution and other laws of Ukraine. "The president's decree runs counters to Articles 4; 5; Section II, Article 114-1; Article 114-6; Clause 7-1, Article 114-5; Article 170 of the Constitution of Ukraine, and the Law of Ukraine On the State Budget of Ukraine," reads the statement by the parliamentary Commission on Legal Policy and Judicial Legal Reform, seconded by 25 deputies. Only 56 of the 405 MPs voted against the veto. The Commission's Chairman Stretovych considers that the Decree on Plebiscite means only that the president of Ukraine, like any other citizen (sic!), has the right to conduct sociologic polling. "Under the Law of Ukraine On All-Ukrainian and Local Referendums, this plebiscite will have no legal effect," says Mr. Stretovych, "therefore, whatever its result, the Verkhovna Rada will not respond to it."

Although secret ballot procedures were applied, most of the MPs made no secret of their attitude, supplementing the above radical legal estimation of the president's action by as radical political appraisements.

Oleksandr Lavrynovych, one of the People's Rukh faction leaders, says that the majority of the faction members (who only yesterday supported the president) take a dim view of the president's decision. "Most of the MPs are of the same opinion," says Mr. Lavrynovych. "We found a way out of this conflict — signing a Constitutional Agreement between the parliament and the president." A technical majority in parliament would suffice to adopt it. Deliberations were scheduled for Tuesday June 6. "The president could not wait another seven days," Oleksandr Lavrynovych concludes ruefully. "When he signed the Decree on Plebiscite he didn't take into consideration our views, and I mean the views of the majority in parliament. You simply do not do things like that."

Volodymyr Yavorivskyy, Ukraine's noted MP of the Derzhavnist [Statehood] faction who also heads the Democratic Party of Ukraine, sounds even more radical than his Rukh counterpart: "Our president has issued what is probably the most incompetent decree. This decree actually leaves us no alternative but to head down the dead alley." His faction fellow member Volodymyr Mulyava thinks that the very idea of the plebiscite, when one has to decide, either or, is fraught with further confrontation.

The Ukrainian MPs are afraid to repeat their neighbors' experience. A similar referendum was held in the summer of 1993 in Russia, but the president and the parliament chose to interpret its results each in their own way, even though most of the respondents supported the president. That time less than one half of the electorate visited the polling stations, so the referendum results were not legally valid. The Ukrainian president wants a plebiscite, in other words questioning the population's trust, which will have no legal strength. In Russia, it ended in shooting at the Supreme Soviet and soaring confrontation within society.

Mykhaylo Ratushnyy, one of the leaders of the Congress of Ukrainian Nationalists, declared to a cheering audience that his colleagues were prepared to come out in defense of democracy and Ukraine. "We, as Ukrainian nationalists, are ready to defend our independence in whichever manner will be necessary, regardless of whether or not this manner is in keeping with the laws currently in effect." Pronounced by nationalist Ratushnyy, these words were met with an applause, even by the communists.

All told, the stand taken by factions which only yesterday supported the president actually tallies with that taken by the nationalists — and even by the communists. When Petro Symonenko, first secretary of the Communist Party of Ukraine, took the floor, the MPs present listened to him with an unusual attentiveness: "No one doubts any longer that the president and his entourage have taken yet another step in the direction of dictatorship; the communists call on you to veto his plebiscite decree."

The centrist factions seem to have ceased to exist after the decree, siding with the extremists, demanding cancellation of the plebiscite. The president was denied support even by the Interregional Deputy Group, of which he has been a member. Faction member Kohen said, in particular, "Leonid Kuchma deviates from his election campaign program in principle. He has not carried out a single promise made then, and I feel personally ashamed of the whole affair."

The Reforms Faction's reaction took everyone by surprise when they called for an unconditional veto on the plebiscite decree. "The Reforms Deputy Group is against any political games being played round the presidential Decree... and considers that its implementation must not be allowed," declared Serhiy Sobolyev, faction coordinator. In fact, the Reforms' bluntly negative reaction was quite characteristic. At one time they had been the first faction to support the president and his power bill. Their current rejection of the new presidential course signifies the ruination of one of the main supports of the presidential structure in the parliament.

When President Kuchma came to office he had to share the table with two influential representatives of the leftist opposition: Chairman of the Socialist Party Oleksandr Moroz who was already the speaker, and Vitaliy Masol who was actively supported by the communist-socialist-agrarian bloc in the parliament. He inherited the Cabinet from Leonid Kravchuk, which had been approved by the parliament several weeks prior to the new president's inauguration.

Already during his first month in office President Kuchma made it clear that he was not going to put up with this state of affairs. In a matter of several weeks he made replacements in most of the key ministerial posts, without parliamentary sanctions. It was then that everyone understood: The president was not keen on playing by the rules. Counter to constitutional provisos, the new ministers of finance, defense, and the interior were submitted for parliamentary approval several months after they had started functioning in the new capacity. However, the president signed a trilateral statement, together with Premier Masol and Speaker Moroz, right after he was elected. In a way, it was a non-aggression pact declaring understanding of the need for close cooperation between the executive and legislative branches. It was adhered to for almost half a year.

And yet, as time passed, Leonid Kuchma showed to all who cared to see that he would not go for any dissidence in the government. After a skilled political maneuver had been executed, Premier Masol tendered his resignation. But over the same period the president also showed that behind his back he wanted a parliament with a strong left-wing opposition. At the end of the last year Leonid Kuchma tabled a bill introducing "global" changes in the Constitution, called the Law of Ukraine On Power. It substantially reduced the parliament's influence on the executive branch, so that the Cabinet would be actually freed from any parliamentary control. The key provisions of the bill would cause heated debates even six months after it had been placed on the parliamentary agenda. The most disputable of these are:

(a) president's right to single-handedly appoint the Cabinet, without in any way involving the parliament;

(b) president's right to dismiss the parliament, in the event of its having twice voted down the Cabinet's programs;

(c) Relieving the Executive Committees of the local Radas of the latter's control and subordinating them directly to the government and the president, at all administrative levels;

(d) president's right to appoint the Procurator General of Ukraine.

After six-month debates the Verkhovna Rada approved the power bill, although denying the president the right to dismiss the parliament and to appoint the Procurator General. However, under the procedural rules, the number of MPs who voted for the bill was insufficient for it to enter legal effect. In other word, the Law on Power, although formally approved, is not legally effective. The parliament rules that only two-thirds of the MPs (450 Deputies), or a total of 301 votes, are sufficient to introduce changes in the Constitution of Ukraine. For the past six months the president has not been able to put together such crucial legislative support. Basically, the power bill is blocked by the parliamentary opposition. The actual MP membership today is 405 Deputies, including 95 Communists, 27 Socialists, and almost 60 Agrarians (who only recently acted against the president on this issue as a single bloc). At best, the president could count on 268 votes, but he never actually had even this much, as only 212 MPs voted for the bill.

The situation changed only in mid-May 1995. The six factions supporting the power bill (e.g., Reforms; People's Rukh; Statehood; Center; Interregional Deputy Group, and Youth) were joined by another two, the Independents and the Agrarians for Reforms. The Independents appeared as a result of a split in the Center faction and the joining of a few small nonaffiliated groups, which did not in any way change the alignment of forces in the president's favor. But the joining of the Agrarians for Reforms was an altogether different story (it had been formed after the break of the Agrarians, one of the largest factions in parliament). This made the leftist chance to torpedo the power bill considerable slimmer. By May 31 the president had the support of eight, rather than six factions, and theoretically he was in a position to collect the required 300 votes to push through the power bill. However, something happened that very day, which, according to most MPs, no one could have anticipated. The president addressed a message to the nation, calling for a plebiscite.

With few exceptions, the pro-presidential factions believe that Leonid Kuchma has ignored their work in setting up a bloc in support of reforms. Some of their leaders look plain confused.

Vyacheslav Chornovil, chairman of the People's Rukh, asks in chagrin: "And suppose the people say they have no trust in the Verkhovna Rada? What then? It is as though we had a homogeneous Verkhovna Rada. But we do not, so who will this vote of no confidence be addressed to? It must be the 212 Deputies... who voted for the power bill."

Serhiy Sobolyev unambiguously warns his colleagues that many will not pass muster in the new elections and urges to veto the plebiscite decree.

So, is it possible that the president has decided to do without the support of what could come very close to constitutional majority in Verkhovna Rada, and to rely on the dubious results of plebiscite and the possibility of new elections for the parliament? This question remained unanswered on Thursday, when the MPs vetoed the decree.

The next day the Presidential Press Service declared that the plebiscite would be held, come what may. Speaker Oleksandr Moroz had this to say by way of commentary: "The Verkhovna Rada does not intend to take into consideration statements made by this or that press service. There can be no plebiscite. I warn the local authorities that, if any of them try to carry out this presidential Decree, they will be held answerable under the law." However, came June 2 and the president made known his own, new stand in the matter. A CIT-30 TV news release reported that the Ukrainian chief executive was prepared to cancel his decree if the parliament ratified the power bill by the constitutional majority. In other words, the president's poll game increasingly resembles flexing of muscles. However, it is still unclear whether this will help the president win his game. By making public his plebiscite decree, Leonid Kuchma exposed himself to the risk of catastrophically losing legislative confidence. Even if the Verkhovna Rada bends under this heavy pressure and passes the power bill by constitutional majority, there will be few people prepared to call the president's tactic a fair play. This manner of exerting pressure on the opposition, even a communist one, may well discredit the president in the public eye. Even now President Kuchma makes many in Ukraine wonder what is more important — democracy or reforms — a question they would have never asked, under different circumstances.

Supreme Council Resolution Overruling Poll Decree

WS0606113495 Kiev VYBIR in English
0730 GMT 6 Jun 95

[Ukrainian Supreme Council Resolution "On Decree No. 413/95 of the President of Ukraine on Holding Plebiscite To Ascertain the Ukrainian Citizens' Confidence in the President of Ukraine and the Supreme Council of Ukraine, as Being at Variance With the Constitution and Laws of Ukraine" — from the "Ukraine in Documents" feature]

[FBIS Transcribed Text] Bearing in mind that the decree of the president of Ukraine "On Holding Plebiscite to Ascertain the Ukrainian Citizens' Confidence in the President of Ukraine and the Supreme Council of Ukraine" runs counter to Articles 4,5, Section 2, Article 114-1, Article 114-6, Clause 7-1, Article 114-5, and Article 170 of the Constitution of Ukraine, the Law of Ukraine On the State Budget of Ukraine for the year 1995, the Verkhovna Rada [Supreme Council] hereby resolves:

1. In pursuance of Clause 29, Article 97 of the Constitution of Ukraine, Decree No. 413/95 of the President of Ukraine "On Holding Plebiscite to Ascertain the Ukrainian Citizens' Confidence in the President of Ukraine and the Supreme Council of Ukraine" shall be vetoed as staying at variance with the Constitution and (other) laws of Ukraine.

2. Bearing in mind the deficit of the state budget of Ukraine and the sociopolitical situation that has developed in conjunction with reforms being introduced in the system of bodies of authority, the Cabinet of Ministers of Ukraine, the Government of the Autonomous Republic of Crimea, and the local bodies of state and executive authority shall be forbidden to allocate any funds of the State Budget or nonbudget assets for the holding of consultative referendums and public polling campaigns in 1995.

3. The president of Ukraine shall be recommended to submit for consideration by the Verkhovna Rada a draft Constitutional Agreement in regard to the implementation of the Law of Ukraine On State Power and Local Self-Administration in Ukraine.

4. This resolution of the Verkhovna Rada of Ukraine shall be carried by the newspaper HOLOS UKRAYINY and by the media of the local councils of People's Deputies.

5. The Supreme Soviet of the Autonomous Republic of Crimea, the oblast, the Kiev and Sevastopol city, other city, rayon and city district and village (settlement) councils of people's deputies shall secure the implementation of this resolution.

6. Control over the implementation of this resolution of the Verkhovna Rada of Ukraine shall be the responsibility of O.O. Dyomyn, deputy chairman of the Verkhovna Rada of Ukraine.

[Signed] Oleksandr Moroz, Chairman of the Verkhovna Rada of Ukraine; City of Kiev
[Dated] June 1, 1995

Supreme Council Adopts Constitutional Agreement

LD0706092195 Kiev UNIAN in Ukrainian
0850 GMT 7 Jun 95

[FBIS Translated Text] Kiev [no date as received] (UNIAN) — On 7 June the Supreme Council approved the constitutional agreement between the president and the Supreme Council of Ukraine "On the Basic Principles of the Organization and Functioning of State Power and Local Self-Government in Ukraine for the Period Until a New Ukrainian Constitution Is Adopted." Out of the 349 deputies present 240 voted in favor, 81 voted against, and eight abstained.

At a meeting between Supreme Council Chairman Oleksandr Moroz, members of the presidium, and leaders of factions and groupings on 6 June, Leonid Kuchma said that if the constitutional agreement is adopted he will be prepared to revoke his decree on conducting a plebiscite on confidence in the president and the parliament.

Leonid Kuchma, Oleksandr Moroz, and Ukrainian people's deputies are expected to solemnly sign the constitutional agreement on 8 June in Mariyinskyy Palace.

Supreme Council Suspends Prosecutor General

LD0606123095 Kiev UNIAR in Ukrainian
1115 GMT 6 Jun 95

[FBIS Translated Text] Kiev — The Ukrainian Supreme Council has set up an ad hoc commission for inquiry into the activities of the Prosecutor General's Office and approved its powers in a special resolution. The document states:

— The Ad Hoc Parliamentary Inquiry Commission is formed of the Supreme Council standing commission for legal affairs and law enforcement together with deputies instructed by the Supreme Council to study the situation in the Prosecutor General's Office;
— Prosecutor General Vladyslav Datsyuk is suspended from office for the period of the inquiry;
— The Supreme Council takes note of Supreme Council Deputy Chairman Oleksandr Tkachenko's statement of voluntary withdrawal from office for the period of inquiry;
— Deputy Prosecutor General Volodymyr Melnyk is appointed to act as Ukrainian Prosecutor General for the period of inquiry;
— The commission is to report the inquiry results to the Supreme Council by 20 June 1995.

Request To Prosecute First Deputy Speaker

LD0606202895 Moscow INTERFAX in English
1901 GMT 6 Jun 95

[FBIS Transcribed Text] KIEV, June 6 (INTERFAX-UKRAINE) — Ukrainian Prosecutor General Vladislav Datsiyuk has sent a request to parliament asking for permission to institute criminal proceedings against First Deputy Speaker Oleksandr Tkachenko, Anatoliy Yermak, member of the parliamentary Commission On the Struggle Against Organized Crime and Corruption, told journalists Tuesday [6 June].

Earlier, the Prosecutor General's Office brought a criminal case based on the facts concerning Tkachenko's exerting pressure on the investigation of the activities of the "Land and People" association which he had headed before.

The request's date is June 5, which means it is valid, said Yermak.

He referred to the Ukrainian parliament June 6 temporal removal of Datsiyuk from his post of Prosecutor General until June 20, when the parliamentary commission revising the activities of the Prosecutor General's Office is expected to finish its work.

On the same day Oleksandr Tkachenko voluntarily suspended the carrying out of his own duties.

Crimeans Polled on Franchuk Leadership

954F2426A Simferopol KRYMSKIYE IZVESTIYA in Russian 26 May 95 p 1

[Report by the Sociology Laboratory of the Crimean Center for Humanities Research: "No Words Needed...."]

[FBIS Translated Text] The following are the results of a sociological survey conducted in cities and rayons of Crimea 1-5 May 1995. The survey was completed by 1,047 individuals.

Question: "How would you assess the activity of A.R. Franchuk, head of the Crimean Government (on a five-point scale)?"

Responses: "Excellent"—0 percent; "Good"—3 percent; "Fair"—19 percent; "Poor"—25 percent; "Very poor"—31 percent; "Difficult to say"—22 percent.

RF Delegation Reports Crimea Findings

954F2426B Simferopol KRYMSKIYE IZVESTIYA in Russian 26 May 95 p 1

["Own Information" report: "'We Consider It Necessary....' More on the Visit of the Russian Federation State Duma Delegation to the Crimean Republic"]

[FBIS Translated Text] The 11 May issue of KRYMSKIYE IZVESTIYA contained an announcement of the Crimean Supreme Council and an article entitled "Who Needs Whom More?" These dealt with the visit to Crimea of a delegation of the Russian Federation State Duma. Did members of the delegation report back to the State Duma? What is their position? Many KRYMSKIYE IZVESTIYA readers have expressed an interest in this.

The delegation reported on the results of its official visit to the Crimean Republic 7-10 May. The report states in part:

"We consider the following to be necessary:

"1. Future Russian-Ukrainian relations should be structured proceeding from the nature and degree of regulation of relations between Ukraine and Crimea. First and foremost, it is necessary to link economic relations with the resolution of political and legal collisions between Ukraine and Crimea, and between Russia and Ukraine. Deputies of the Russian Federation State Duma should be included in the state delegation of the Russian Federation engaged in negotiations with Ukraine.

"2. With the aim of terminating the legal despotism of Ukraine with respect to the Crimean Republic, the Russian Federation State Duma must undertake all necessary and decisive measures to protect the rights of our fellow countrymen and the lawful organs of authority of the Crimean Republic, and should act as the guarantor of conduct of the 25 June 1995 referendum in Crimea on the Republic of Crimea Constitution adopted 6 May 1992.

"3. The highest organ of state power of the Russian Federation must take into account the position of Crimean residents, must set about the specific work of implementing Decree of the Russian Federation Supreme Soviet No. 2809-1, dated 21 May 1992, 'On the Legal Assessment of Resolutions Adopted in 1954 by the Highest Organs of State Power of the RSFSR With Respect to Altering the Status of Crimea,' and must enter into negotiations with the highest organs of state power of Ukraine regarding the future destiny of Crimea.

"4. The status of Russia's Black Sea Fleet as guarantor of the security of the Crimean Republic must be secured in Russian-Ukrainian documents.

"5. The Russian Ministry of Foreign Affairs must hasten efforts to process the Russian citizenship registration of residents of Crimea.

"Russian citizenship for military servicemen of the Black Sea Fleet and their family members, registration of which does not require efforts on the part of a special consular group, should be registered in the shortest possible time frame, preferably in the space of one or two months.

"6. Taking into account the need to restore the strategic significance of Russia's Black Sea Fleet in the Atlantic, we must completely disavow the idea of reducing the fleet. We must effect the material-technical reoutfitting of fleet units, replenish the personnel strength of existing units, and deploy (through transfer from other regions) additional combat units, primarily aviation units. The fleet's reserves of material resources should be immediately replenished.

"7. Taking into account the official invitation of the Ukrainian parliament, a delegation of the Russian Federation State Duma, including representatives of factions and functional committees, should be sent to Kiev for talks on a broad range of issues involving Russian-Ukrainian relations prior to 16 May of this year, i.e., prior to expiration of the ultimatum issued by Ukraine to the Republic of Crimea."

The report was signed by State Duma Deputies S. Baburin, Zh. Lozinskaya, and V. Frolov.

'Water Leakage From Reactor Circuit' at Chernobyl

AU0606153495 Kiev MOLOD UKRAYINY in Ukrainian 2 Jun 95 p 1

[Unattributed report published under the rubric "Fact"]

[FBIS Translated Text] During the early hours of 31 May, a water leakage from the reactor circuit was revealed and eliminated at the third power unit of the Chernobyl Atomic Electric Power Plant [AES], which has long been under scheduled repairs. According to the power plant's chief engineer, Vitaliy Tolstonohov, the water leakage did not cause any violation of established norms or limitations in the Chernobyl AES operation.

Economic Issues

Foreign Trade Minister on Developments

*WS0606141795 Kiev INTELNEWS in English
0125 GMT 6 Jun 95*

[Interview with Serhiy Osyka, foreign economic relations minister by Fedir Storozhenko, identified as "ER"; place and date not given — from the "Economic Review" feature; first two paragraphs are INTELNEWS introduction]

[FBIS Transcribed Text] Since 1991, Foreign Trade Minister Serhiy Osyka has worked as a senior and chief consultant of the secretariat of Parliament's Committee on Foreign Affairs, developing laws governing foreign trade. In October 1992, he was appointed Foreign Economy Counselor of the Prime Minister and in September 1993 he became First Deputy Foreign Trade Minister.

On August 22, 1994, Osyka was appointed Foreign Trade Minister. At the same time, he is Ukraine's official representative to GATT, First Deputy Head of the Interdepartmental Committee on Ukraine joining GATT and Deputy Head of the Interdepartmental Committee on European Communities.

[ER] Ukraine evaluates property of gas-producing and gas- transporting facilities with assistance of the Arthur D. Little firm. How is the process going?

[Osyka] This work is not finished yet but it's true that for the third month this firm is conducting appraisal of Ukraine's gas structure under supervision of the European Bank of Reconstruction and Development. Four general techniques are applied and the world price seems to yield $25 to 30 billion. We ought to know what we have and what it is worth. This allows us to do correct calculations while conducting economic activities. Now the task is to speed up the process and to produce the final inventory.

[ER] Are these calculations made for further privatization of gas transporting and gas producing industries?

[Osyka] First of all, it should be noted that privatization of gas mains is impossible and prohibited by law. The most we can do is to convert some of the objects to joint-stock units, no more. But in any case, we have to know the value of the objects of this branch in Ukraine. Techniques used by the former Soviet Union ... (are) very unfair and (are) not accepted worldwide. That's why we had to apply other ones. So if some of the objects are going to subject even to a joint-venture formation, we can offer trustworthy price calculation of our objects.

[ER] Now the GazTransit, Russian-Ukrainian natural gas transporting joint venture, is being formed. Are the talks on its formation over yet?

[Osyka] The talks are not over, they are still in process. The subject of the negotiations is inclusion of seven objects in this enterprise. It's not a secret that the Ukrainian side has given its appraisal of these objects according to the talk procedure. The amount reaches the figure of $10.5 billion. The Russian appraisal is based on the residual value technique I've discussed earlier and shows figures approximately 22-fold less. So it's clear that the talks are still in process as the price difference is so great. But our evaluation is based on the worldwide accepted technique and was conducted by organizations with good reputations. Thus, our position complies with current laws as well as international laws and standards existing worldwide.

[ER] Formation of GazTransit covers part of Ukraine's debt for imported Russian gas. What is the solution for the other part of the debt?

[Osyka] The debt problem is practically solved — the former debt was restructured. $1.4 billion were delayed for 12 years with a payment break of two years. Moreover, the debt for the first quarter of the current year has been restructured and delayed up to the end of the year. All other questions can be solved, for example, by forming such a joint venture and the leftovers of the debt can be added to the appraisal. But still, it depends upon the way the evaluation is done.

[ER] Now Ukraine is on its way to entering the World Trade Organization and join the General Agreement on Tariffs and Trade. How would you describe the current state of this process?

[OSYKA] Yes, Ukraine is on its way to the World Trade Organization and we have already covered four-fifths of this road. I think this problem will be solved by the end of the year. Now we are adjusting our schedule for the second meeting of the Committee of the World Trade Organization where the question of Ukraine joining GATT will be addressed.

The United States shows significant support to this process, as clearly indicated by the common declaration signed by the residents of Ukraine and the United States. This document recognizes Ukraine as a country with a transition economy. This can initialize law changes in the United States and the European Union to clear different kinds of antidumping prosecution that often are applied as protectionism actions and don't allow Ukrainian producers to enter their markets. But it also demolishes the entire system of trade limitations applied to all goods of Ukrainian origin.

Until that, this system is applied to Ukraine as to a country, which isn't a member of the European Union and the World Trade Organization. Other groups of our historical partners, as Poland, the Czech Republic, Slovak Republic, Bulgaria, Romania, Slovenia. These countries formed a grouping, called Central European Free Trade Agreement, say, such a group as the Central European Initiative.

[ER] What was the effect of changes on Ukraine's foreign economic policy?

[Osyka] The president and the government of Ukraine have annulled the system of non-tariff export regulation and set the basis for the system of preliminary payments in exterior trade activities and foreign currency returning. The first analysis of changes in this system has shown the necessity of significant change in the process of its development.

Moreover, the lists of goods to be encountered, introduced in November according to the president's act, were seriously shortened. The changes mentioned show Ukraine's will to function on the basis of the worldwide accepted principles and experience of the advanced countries. Practically, in a very short period the Ukrainian export was liberalized.

This accounting system, first of all, is headed towards governmental regulation of import-export operations, where Ukraine has volunteered to take limitations and serves as an antidumping mechanism.

[ER] What is your point of view on barter operations with respect to international trade?

[Osyka] The major part of the circulation in international trade last year was conducted on the barter basis. In general, barter is a useful form of trade but application of this method only in the contemporary conditions of our country is impossible. It can cut channels of obtaining the necessary hard-currency income and seriously harm our financial system. The liberalizing actions, taken so far do not solve the barter problem.

[ER] What are the prospects of Ukraine's market economy?

[Osyka] Ukrainian enterprises producing industrial and consumer goods, (trying) to compete with foreign goods are in deep crisis. They are unable to produce competitive goods due to the outdated equipment they use. If the government is not going to introduce a flexible import policy (there are no import quotas yet) until access to the industrial and consumer markets is opened, we will face serious problems — collapses of different industries, unemployment and uncontrollable growth of social tension.

Solutions to the problem of protecting Ukrainian businesses from unfair competition and reduction of the volumes of non-critical import, definition of critical import and initiative development for its implement — these are the most important tasks.

[ER] What is the current state of relations with our eastern trade partners?

[Osyka] The legal base for economic cooperation with the major eastern trade partners of Ukraine, including Russia, Kazakhstan, Turkmenistan and Uzbekistan, already works. The Intergovernmental Agreement, which was signed on Dec. 23, 1993, covers universal principles and procedures for cooperation in promotion of industry, direct connections between enterprises and industrial sectors of (the Commonwealth of Independent States) countries. This is a very important step towards renewal of mutually profitable cooperation with CIS countries. Ukraine has signed two-side agreements on cooperation with the countries, mentioned above.

According to these agreements, taxes, tariffs, import tariffs and quotas will not be applied to goods supplied under agreements on industrial cooperation. These agreements will help the eastern regions of Ukraine that have traditional links with Russia and other CIS countries to renew and improve industrial cooperation through industrial-financial conglomerates, corporations and organization of joint production.

World Bank on Conditions for Banking Sector Loan

LD0606144795 Kiev UNIAN in Ukrainian
1245 GMT 6 Jun 95

[FBIS Translated Text] Kiev — The World Bank is considering an investment project in support of financial institutions in Ukraine. Under the project, the bank will grant a loan of $60 million, comprising $10 million in technical assistance and a global credit line of $50 million, the World Bank's Kiev office told UNIAN.

The technical assistance fund will be used to improve computer systems in the 16-18 Ukrainian banks taking part in the project, while the global credit line is designed to provide investment and circulating capital for private enterprises intending to export their products. The loan will be issued in several tranches, in U.S. dollars and German marks.

According to World Bank consultant Marie-Rene Bekker, the loan will be issued on condition that Ukrainian banks adopt world accounting standards, tax rates on bank credits are reduced, and the Ukrainian National Bank increases control over the banking system.

The project will be examined in December 1995. If it is approved, Ukraine will receive the first credit tranche shortly thereafter.

Donbass Deputies Appeal 'Critical Situation'

WS0606131695 Lugansk LUGANSKAYA PRAVDA in Russian 25 May 95 p 1

[Appeal to President Kuchma by Ukrainian Supreme Council deputies elected by mining cities and rayons: "Our Coal Is Not Worse Than the Imported One"]

[FBIS Translated Text] We, the people's deputies of Ukraine, elected by the residents of mining cities and rayons, would like to draw the president's attention to the critical situation that the Ukrainian coal mining industry has reached.

The government has fully exhausted the coal mining industry by freeing prices for coal and other products, thus creating uncompetitive conditions for coal. Instead of undertaking effective measures for the development of the coal industry, they have chosen a destructive way — that of buying coal from abroad. In addition, domestic and foreign producers have not been treated on equal terms. In 1994, Ukraine bought coal from Poland and Russia paying $120 million more than for Ukrainian coal. The volume of imported coal has been increasing in 1995. Since the beginning of 1995, $200 million worth of coal has been imported.

At the same time, around 4.5 million tonnes of coal has been accumulated in mining stores. Is this really what a good businessman should be doing? The largest portion of coal is bought from abroad on terms of prepayment. The power engineering industry and the byproduct coke industry owe our mines more than 37 trillion karbovantsi for the coal delivered and used. Accounts payable considerably outnumber accounts receivable. This tendency continues to exacerbate dangerously: We have received plenty of signals about consumers' refusal to receive both coal for thermal power plants and coke.

For these reasons, the coal mining enterprises have found themselves in the most difficult financial situation; miners' wages have not been paid for two to three months; around 50,000 people have abandoned the coal mining industry. Our recent meetings with the staffs of the mines give grounds for evaluating the situation, without exaggeration, as explosive.

We would like to remind you Leonid Danylovych, that the Ukrainian Government has approved a program for the development of the coal industry and its social sphere until the year 2005. Taking into account the aforementioned program, on 2 February 1994 the Ukrainian Supreme Council approved a concept for the development of the Ukrainian fuel-energy complex until the year 2010. However, the program for the development of industries is not being implemented. Construction of new mines, mine stripping, and 70 sinking shafts have been practically suspended. We are witnessing the process of a collapse of the social sphere. One of the most important sectors of the industry — mine building — is dying. Experts predict that if Ukraine does not resolve these problems in time, it will lose some 20-25 million tonnes of coal in the immediate future. It is not difficult to foresee what that means: Full dependence on abroad not only for gasoline or gas, but even for coal, while prospected deposits [in Ukraine] are sufficient for 300 years of operation at an annual production rate of 160 to 170 million tonnes. This amounts to an antistate policy, to say the least.

Proceeding from the aforementioned facts, we are asking you, head of the state's highest executive power:

1. To undertake the necessary measures to provide funds for the program of development of the coal industry and its social sphere, which was approved by the Ukrainian Supreme Council and by the government's decisions in the years 1994-95.

2. To obligate the Cabinet of Ministers to develop and implement a complex of measures, directed at increasing miners' financial motivation for stepping up the production of coal.

3. To reduce indebtedness to the miners in the form of unpaid wages. In case of a postponement of payments, to compensate them for losses caused by inflation and price increases.

4. To pass an enforceable act, which will limit imports of coal to Ukraine to the volumes covering the difference between demand for coal and production plans set by the state.

People's deputies of Ukraine. [illegible signatures]

Kuchma Aide Tours Donbass

WS0606133095 Kiev VSEUKRAINSKIYE VEDOMOSTI in Russian 1 Jun 95 p 3

[Report by Mark Levytskyy: "The Situation in Donbass Is More Acute Than in Crimea"]

[FBIS Translated Text] *Volodymyr Hrynyov has visited Donbass. This was an extraordinary event, as the man is a close aide of the president. He was accompanied by his fellow members of the Interregional Bloc for Reforms. People here have heard nothing promising from the guests, though. The Power on Law, according to the president and his entourage, should become* *a lever that could lift and resolve the burden of problems. Mr. Hrynyov believes, however, that revised by the Ukrainian Supreme Council, this law has lost its substance. The Cabinet of Ministers has only aggravated the situation. Following [former Prime Minister] Masol's resignation, its temporary status put the Cabinet of Ministers administration into disarray.*

People in Donbass, however, care more about regional policies of the state. Volodymyr Hrynyov, who is responsible for this sphere, believes that even Crimean problems are less acute than the situation in Donbass. "In Crimea," he said, "we can already see the solutions. Kiev and Simferopol have achieved a compromise. The Ukrainian and Crimean Constitutions will operate strictly on the principle of Ukraine's territorial integrity."

But in Donbass, the problem of coal has not yet been resolved. The only reliable provider of energy sources has at the same time become a burden for the entire Ukrainian economy. The reason is the obsolete mining technology and immense costs required for its reformation. Mr. Hrynyov believes that there is no coherent anti-crisis program for the coal industry. If we fail to find at least a direction in which to proceed, the possibility of dangerous social upheavals will increase. Nonetheless, the guest thinks, the intellectual potential of the region provides grounds for optimism.

A distinctive feature of the regional policy proposed to the president by his advisers is readiness to give regions extensive economic powers. As a mechanism, a new system of taxes is proposed whereby taxes would be collected at the municipal, regional, and national levels. With most of the tax revenues being transferred to the center, regions stand a slim chance of ever getting back their share, and their resolve to develop their local economies becomes weaker.

The mayor of Donetsk, for example, is complaining about various obstacles in implementing the framework agreement with [Russian city of] Rostov on deliveries of goods. He fears he will have to obtain licenses in Kiev. Volodymyr Hrynyov is sure that such questions should be independently resolved by the regions.

An important issue, in our opinion, was raised by Mr. Hrynyov in connection with the Triple alliance of Russia, Belarus, and Kazakhstan. In his opinion, a strong Ukraine does not suite the Triple alliance. In addition, Russian politicians confirm that Ukraine will serve as a buffer zone separating unpleasant things that the West and Russia fear may come from each other. These are pretty vague points and they were not explained. Instead, the perception that our links with Russia are very strong and that we depend on the Russian market were stated quite explicitly.

In the opinion of Mr. Hrynyov, the Belarusian referendum, which reaffirmed almost unilaterally the drive to restore many of the lost ties with the former Soviet Union, will definitely have an impact on political processes in Donbass. In any case, this problem will not be easy to ignore.

Speaking about Ukraine's economic situation, Volodymyr Hrynyov noted that the "patient is rather alive than dead." Inflation has been curbed, all conditions for launching monetary reform have been created, and promising enterprises are gaining in strength. An important thing is that the national budget receives more and more revenues from the privatized and private sector. In Donetsk, 41 percent of the budget revenues come from this sector, compared with 43 percent from state-run enterprises. In Kiev, for example, this sector has already become a leader.

Regions like Donbass, Mr. Hrynyov believes, cannot immediately become independent without the resolution of a whole set of related problems. For example, one of them, as the Russian example showed, is the flawed legislation on municipal property. Others, equally important, include independent economic and tax policies, and many others. There should be a concept for building a "regionalized" state, rather than just an experiment conducted in one rayon. Just as there is one in France and Italy.

Canada Takes Leading Role in Diamond Exploration

MK0606122095 Moscow KOMMERSANT-DAILY in Russian 6 Jun 95 p 9

[Unattributed report under the "Journal" rubric: "Ukraine To Realize Diamond Project"]

[FBIS Translated Text] Talks between a group of Canadian mining companies, including Zollotto Mines Ltd., KMD Exploration, and Airoquest, and the Ukrainian Economy and Geology Ministries are due to be held in Kiev in mid-June. The talks will focus on the search for diamond deposits on Ukrainian territory. This project has originated with a group of ethnic Ukrainians who emigrated to Canada over the past 100 years. In the 1980's, specialists of the Ukrainian Mineral Resources Institute and the Moscow-based Diamond Institute conducted prospecting and appraisal surveys and found territories that are promising in terms of diamond production. In particular, in the Azov and Podol areas kimberlite deposits were discovered which, however, do not have industrial importance. In addition, last year

Ukrainian newspapers reported that signs of diamond content were discovered in Kirovograd Oblast.

The idea of inviting "Canadian" Ukrainians to help the country develop its diamond industry emerged in 1991, after Ukraine proclaimed its independence. The diamond project started acquiring specific outlines after Leonid Kuchma was elected president. The details of the project have been discussed at the top level both in Canada and in Ukraine.

The first stage of the project is expected to take 2-3 years; the volume of financing, to be provided mostly by the Canadian side, is estimated at $20 million. If diamond deposits are found, the Canadian partners will have the preferred right to develop them. In addition, Ukraine's civilian construction and culture support projects will be linked to diamond production.

Ukraine Seeks Uranium Self-Sufficiency

MM0606145095 Moscow IZVESTIYA in Russian 2 Jun 95 p 5

[Report by Yanina Sokolovskaya: "Urania: Ukraine's Special Zone"]

[FBIS Translated Excerpt] Dnepropetrovsk and Kirovograd Oblasts — This land exists within the borders of Ukraine, and yet it is a separate state with its own laws, means of life support, and secrecy, which was not shaken even by the times of glasnost. The land of Urania extends for hundreds of kilometers, but it can be found only on maps marked "for official use." A land of convicts and spetsnaz professionals. A place of dangerous radiation which has gathered together the best scientists and specialists in uranium extraction. A land of gold and scandium, which is many times more valuable than gold. This is the "state" whose secret capital is Zheltyye Vody.

I am the first journalist to have gotten into all the "regions" of this land. Officially such a visit was impossible. In fact it lasted five days — stalker-guides succeeded one another, as did mines and cities, but one thing remained constantly striking: the people's wish to work right there, at the mines, and their complete confidence that they had chosen the best place to live.

City of Cossack Glory and Camp Shame

The steppe road leading to Zheltyye Vody is many centuries old. The Cossack Golota — the legendary hero of Ukrainian folk ballads - - is said to have galloped along it on his fast horse. If it is true that this road was built by the Zaporozhian Cossacks, they clearly did so while not sober: For some unknown reason the road winds like a snake in the middle of the flat steppe. The UAZik vehicle, zealously dodging the potholes in the road, clearly intended to shake the breath out of its passengers. The smoking factory chimneys and the smell of sulfuric acid announced that we were approaching the city.

Zheltyye Vody — a small settlement of 60,000 people — has been regarded in an unfavorable light ever since uranium was discovered there. According to the principle "things can't be any worse," they zealously stuffed it with various kinds of enterprises. A sulfuric acid plant, an asphalt plant, a "military" plant, and others adorned the gray cityscape. The largest of them and the one of greatest state importance is the Eastern Mining and Enriching Combine, which processes uranium. It is a vast enclave embracing a city, three settlements, bread-baking plants, a heat and electric power station, construction and transport enterprises, sovkhozes, and kolkhozes. The Eastern Mining and Enriching Combine gives the city heat, bread, water, food, and, most importantly, work.

People who have failed to find employment inside the enclave are virtually doomed to unemployment. The "Elektron" Plant, which used to provide a considerable proportion of the people of Zheltyye Vody with work, has been "temporarily closed" — there are no subassemblies or raw materials, and the former collaboration with Russia has been broken off. A heavy padlock has appeared on the doors of the soft toy factory which made, inter alia, the Olympic Teddy — the very bear that moved everyone in 1980 by flying over the Moscow stadium.

The Eastern Mining and Enriching Combine has miraculously survived, helped not so much by the state's interest in it as by the resourcefulness of General Director Mikhail Babak. The wages which he pays to the uranium miners hardly compensate for the irradiation to which they are subjected (120 microroentgen per hour on the combine's territory and 1,000 microroentgen directly in the shop where uranium is processed). But Babak has found a way out of the situation — he has arranged the enterprise in such a way that its workers live better than many people. The combine's own sovkhozes supply them with food at very cheap prices, dining rooms provide good food for free, there is no need to pay for transport.... People willingly stay at the combine, not leaving for safer, harmless places.

Although, to protect your own health, it is best not to linger in Zheltyye Vody. Candidate of Sciences Vasiliy Lyashenko, deputy mayor responsible for ecology, described to me how the wind blows uranium dust over the city from the nearby tailings dumps (lakes with uranium production waste). He informed me that the residential area falls practically entirely within this danger zone.

He also mentioned the radon discharges from the mines and the polluted drinking water. The result: "The number of cancer patients here is the highest in Ukraine." [passage omitted]

Gold Store

Officially only iron ore is extracted in Zheltyye Vody. They no longer mine uranium here (it is too deep and costly) but only process the radioactive output of the Smolino and Ingulskiy Mines. But about this later. It is interesting that gold and a still more costly metal — scandium — are now produced in Zheltyye Vody.

I managed to get into the Eastern Mining and Enriching Combine's gold store. The five-kilogram whitish aluminum-scandium ingots that are kept there behind combination locks will not remain long in the store. They have already been prepared for dispatch by a Ukrainian-Barbadian joint venture. The scandium content of the ingots is minimal. The price is $850 each. Mikhail Babak told me that it is not very profitable to produce pure scandium, which is worth approximately $14,000-15,000 per kilogram: The need for it is not great — 1,500 grams per year. Production of alloys helps the Eastern Mining and Enriching Combine not only to survive but also to replenish the state treasury with currency.

The combine has also come under close scrutiny by the Ukrainian leadership for another reason: Gold has recently been processed here. Within the next few years it is the intention to be forging gold from the new Ukrainian placers precisely at the Eastern Mining and Enriching Combine. At present the production volumes are small.

White Stain on the Steppe

The town of Smolino, where the largest Ukrainian uranium mine rumbles day and night, looks like a piece of plaster dropped in the middle of the steppe. This white city is so surrealistic that it seems a mirage. All the men who live there are uranium miners, and the women are cooks, waitresses, teachers, and nursery teachers. If the mine closes down, the city will cease to exist. The 10,000 residents do not suffer from radiation phobia and confidently state: "Uranium means life."

The people who lead this life receive tremendous irradiation each year — approximately one rem. For this they are granted privileges: leave of up to 72 days, a wage of approximately 20 million karbovantsi ($150), and an unlimited number of dacha plots located next to the mine tailings. Miners' families are fed on the "fruits" of these fields, which give off approximately 20 microroentgen per hour.

I cannot say that the Smolino uranium miners are particularly concerned about their health, but they do take some precautions: They do not drink, and the majority do not smoke. The only protection methods that they are offered in the workings are gauze nose-and-mouth masks, which can partially protect against uranium dust but not against radon discharges.

The Smolino Mine struck me with its antediluvian equipment, which is being modernized by skilled underground craftsmen at their own risk. I was amazed that for the purposes of saving energy in the mine it has been decided to turn off the lighting, and it is possible to advance through it only by the ghostly light of a personal lamp. The miners bring dim lights with them into the workings themselves.

Almost everything concerning the Smolino Mine is considered a state secret. An outsider is not permitted to know either the volumes of extraction, or the areas of extraction, or the percentage content of uranium in the ore. Even the mine operatives, who conduct special research into the rock, present their results in the form of relative numbers, which only "authorized" specialists can decipher. But it is known that the uranium reserves here can meet Ukraine's energy needs for the next 100 years.

"Journalists Have Never Been Here Before"

Gnarled, stunted saplings with leaves that have turned gray. Dust, sand, and sun strike the eyes. Watchtowers with searchlights, barbed wire. The wind howls between the floors of two rusty mine headframes, whirling the dirt around. This is how the Novokonstantinovka Mine, the largest of Ukraine's known uranium deposits, appears today. Here, beneath us, beneath a wretched piece of land surrounded by five rows of wire, lie such reserves of radioactive ore that, were their exploitation to commence, all the Donbass mines could be closed down — Novokonstantinovka would provide the country's energy reserves for centuries.

Its contingent of construction workers is the same as in Zheltyye Vody and Smolino. The mine has evidently been left with the towers and barbed wire in memory of the convicts' shock construction projects. This legacy is also being used now — as protection against private villagers who economically make off with everything that will come in handy in the home from the mothballed mine. I got to meet one of these people: In his home the dosimeter went crazy, indicating 1,000 microroentgen per hour. The reason for this is simple — the foundation stones, which were stolen from uranium tailings.

Today the very rich Novokonstantinovka deposit is not being worked — independent Ukraine cannot find the several billion karbovantsi for this. The shafts have been flooded with water and have fallen silent.

The life of the mine is now dictated by the regime of the machine shops, turning out screws and nuts on several machine tools remaining from the old times in order at least somehow to justify its existence....

The next and last corner of Urania is the Ingulskiy Mine. Located 40 km from the Novokonstantinovka Mine and 150 km from the Smolino Mine, it unites seven shafts. Today the mine gets uranium from directly beneath Kirovograd, forming tailings which give off 30-40 microroentgen per hour.

The uranium extraction system in the city is very complex but quite profitable. Today it requires an annual capital investment of approximately 4 billion karbovanets. In view of the lack of money, extraction has had to be almost halved. The innovation, which caught 2,000 Ingulskiy workers unawares, ended in strikes at the mine but did not complicate the life of the city: People in Kirovograd are not so directly dependent on uranium as in Smolino or Zheltyye Vody.

Kirovograd was the last stop on my travels around Urania, which is closed to outsiders and is not marked on the map. Having clocked up 600 km of steppe roads, our UAZik confidently skipped back to Zheltyye Vody. On the way it came to light that the neglect which has started at the mines had not greatly embarrassed my fellow travelers on the leadership of the Eastern Mining and Enriching Combine — the ultimate purpose of their labors boiled down not so much to increasing uranium extraction as to building Ukraine's own nuclear fuel cycle, which would ensure its independence from Russian energy sources.

"We Will Have Our Own Nuclear Fuel Cycle"

"From uranium-238, ore is now processed in Zheltyye Vody only into uranium-235. Russia carries out further enrichment and the creation of fuel for nuclear electric power stations. A high price has to be paid for this. Our task is to make national fuel from Ukrainian uranium and to do away with energy dependence on Russia. The known reserves will suffice our 22 reactors for centuries," Mikhail Umanets, chairman of the Ukrainian State Committee for Atomic Energy, enlightened me. "If we make our own cycle, the fuel for nuclear power stations will cost us 10-15 percent less. It will not be an entirely closed cycle. In Zheltyye Vody we are organizing only the assembly of fuel elements. Let someone else carry out uranium enrichment and spent fuel processing, which are particularly dangerous. Russia or France, for example."

The future of Ukrainian power generation belongs to nuclear electric power stations, for there is no fuel in the country for other stations, the State Committee for Atomic Energy believes.

A tender is soon to be announced for the construction of a nuclear fuel plant in Zheltyye Vody. This is bad news for the inhabitants of Ukraine, the majority of whom desperately fear new Chernobyls: The plant will have dangerous uranium discharges. But they will have to resign themselves to the news. The land of Urania is extending its borders.

Crimea Deputies Debate State Property

954F2427A Simferopol KRYMSKIYE IZVESTIYA in Russian 26 May 95 p 1

[Article by O. Yegorova under the rubric: "Notes From the Session": "Our Power Lies in Our Property"]

[FBIS Translated Text] It is difficult to calculate how many times the deputies of the Supreme Council of Crimea will return to the discussion of the question of dividing up property. In one form or another it arises fairly regularly as the topic for discussion at plenary sessions. But no more. It seems that it will never be possible to resolve it to the mutual satisfaction of both parties.

This week an old familiar "dish" was offered with a fresh "sauce." The question was considered in connection with the adoption by the Cabinet of Ministers of Ukraine on 5 May of Decree No. 316, "On Administration of State-Owned Property on the Territory of the Autonomous Republic of Crimea." The "topic" was elucidated by the deputy chairman of the Supreme Council of Crimea, A. Frolov, who stated that the person "who administers the property is the belle of the ball." And this means that an attempt to transfer Crimea's property to the administration of the State Property Fund of Ukraine is the next step on the path to total destruction of Crimean statehood. Having gone over the chronological chain of preceding events, the deputy speaker of the Supreme Council analyzed the situation, drawing the conclusion that an attempt to deprive Crimeans of ownership of enterprises, institutions, and other budget-forming facilities is nothing other than a desire to make Crimea fully dependent on Ukraine. In this case the republic will be able to rely only on gifts since "being weak and impoverished it will not be able to dispose of what it has or to talk of any steps for emerging from the economic crisis."

But the law of Ukraine "On Privatization of the Property of State Enterprises" envisions that privatization of property in Crimea shall be carried out on the basis of privatization programs that are developed and approved by authority structures of Crimea. And this aspect is essentially decisive. But the Cabinet of Ministers of Ukraine, in violation of its own law of 15 May, approved a list of facilities on the territory of Crimea that are subject to privatization in 1995. This list includes both enterprises and organizations that were previously regarded as property of the Republic of Crimea. And this disturbed members of the Crimean parliament and forced them to return to the "eternal" question.

Moreover, it is quite impossible to straighten out the confusion arising in connection with the organization of several analogous administrative structures intended to regulate questions of privatization. As we know, the regional administration of the State Property Fund of Ukraine in Crimea was added to the State Property Fund of Crimea with the corresponding divisions of privatization organs in the cities and rayons. The Supreme Council of Crimea perceived Ukraine's offer to impose order in this matter too literally. And after a torturous month and a half of deliberations it adopted a decision that was altogether different from the one that was expected: It left the State Property Fund of Crimea as the agency to dispose of the property....thus the result was absolutely not the one that was wanted and Ukraine decided to speak directly to those who were "especially uncomprehending": It was recommended that the existing structures be transformed into a unified State Property Fund of Ukraine in Crimea with local representatives, that is, in the cities and rayons, which, of course, in no way suits the legislators of Crimea since it completely takes the privatization process out of the control of the Supreme Council.

Speaking at a plenary session, the acting leader of the regional State Property Fund of Ukraine in Crimea, A. Golovizin, tried to convince the deputies that Ukraine had no desire to usurp their right to ownership. Moreover, the funds received from the privatization of the facilities, regardless of whether they belonged to Ukraine or Crimea, would be left in the republic. Moreover, the estimated value of the potential privatization facilities in Crimea was so high that the residents of the peninsula simply could not afford to buy up everything that was located on their territory so that especially juicy morsels would be turned over to someone else. Additionally, the representative of the State Property Fund of Ukraine accused the Crimean authorities themselves of dragging out the documentation of the transfer of the property of Ukraine to the ownership of Crimea, which was suggested as much as a year ago. It was the inaction on the part of the Crimean authorities, according to A. Golovizin, that forced the president of Ukraine to bring up the issue of transferring the organs for administration of property to the center.

In spite of the arguments that were given, the Supreme Council of Crimea still voted for the decree which declared the practice of the unilateral adoption by the executive power of Ukraine of decisions regarding dividing up state property of Crimea without coordination with the republic Supreme Council to be illegal. And as a legislative initiative it submitted for the consideration of the Supreme Council of Ukraine a draft decree of the Supreme Council of Ukraine "On Dividing Up State Property in the Autonomous Republic of Crimea," simultaneously suggesting that the Cabinet of Ministers of Ukraine suspend Decree No. 316 of 5 May until the adoption of the Supreme Council of Ukraine of a decision concerning the legislative initiative.

Having shown enviable self-criticism, the deputies unanimously referred to the fact that, as distinct from several preceding ones, the decree that was adopted is a fairly mild version of a resolution to the problem, which is not categorical, which, unfortunately, has been true of the majority of parliamentary documents adopted recently.

Unemployment, Low Pay, Cheap Import Goods

954F2427B Simferopol KRYMSKIYE IZVESTIYA in Russian 26 May 95 p 1

[Article by I. Kaliga under the rubric "Thus We Live": "The Job—the Market"]

[FBIS Translated Text] Unemployment. Slowly but surely it is creeping into our lives. And unlike a number of commercial firms whose financial well-being collapsed before their eyes like a house of cards, it seems this is coming seriously and for the long run. Although today there are only 2,040 unemployed in Crimea, we have no reason to boast. There is also a striking stratum of so-called hidden unemployed—130,000 people who have not been able to exercise their constitutional right to work for several days, weeks, or months in a year. If this figure is correlated with the overall number of workers in the republic—944,000—it turns out that every seventh one knows from his own experience what it means to be out of work.

And 130,000 is still not the limit, for with each year the crisis in industry and agriculture grows deeper and the items of income into the republic budget grow smaller, since they are formed mainly from the profit tax, the value added tax, and the excise fee. Because of insolvency, enterprises and organizations have been forced to put their workers on indefinite leave without pay and, because of the continuing reduction of production capacities (64 percent in a year), they have had to reduce the number of workers. Incidentally, according to the new edict on mandatory payments, wages are no longer included. The point is obvious: If there is money, pay, but if there is none, there is no longer a court or a law.

If in the USSR, a state with a high level of social protection, the availability of work was something that was taken for granted and certainly did not occupy first place in the rating of life's values, today for many people, to work and thus to earn at least something is too important. But looking through the statistical reports, you come across a kind of paradox of our time. The coefficient of the load per one vacant position is only 0.39, since while enterprises need 11,200 people, the number of people not engaged in labor activity is 4,300 (not all are registered with the employment service as unemployed).

But one should not be surprised. Everyone wants to find good, that is, well-paid work. Only employees of banks and financial companies have this kind of work today—in the range of 10-13 million karbovantsy. The average income of workers in industry is only 5 million, and in agriculture it is even less—22.5 million. With the coffers in this condition, prices, which are increasing five- to sixfold per year, seem more terrible than funny. Therefore people who are deprived of permanent stable earnings prefer not to change their old job for a new one in which the pay is just as bad and they try their luck in business, even if it is seasonal trade in ice cream and Pepsi or a booth in which they sell vodka and sneakers or regular trips for Turkish and Polish consumer goods.

A model of economic cooperation has now been formed (true, at a very primitive level, but there is actually nothing else): they produce, we consume, turning ourselves into a kind of dump for low-quality imported goods. A curious integration. Curious primarily because we cannot understand why our domestic products are more expensive than goods from the far abroad whose prices include, in addition to production costs, customs tax and expenditures on transportation. But a well-known law of business said: If something is produced somewhere, this means that it is advantageous to someone. The more so since every job that is cut here means a job that is created there.

Our "unneeded" citizens are still working on the market, and it is a pity that they do not work for the market. If we understand this term to mean a real market economy, the kind they sing about in the song, "we have all dreamed, but we still have not been able."

Belarus

President Authorizes Signing Agreement With NATO

WS0706104895 Minsk Radio Minsk Network in Belarusian 1000 GMT 7 Jun 95

[FBIS Translated Text] By virtue of a special directive, the Belarusian president has authorized Uladzimir Labunow, Belarusian ambassador to the Kingdom of Belgium, to sign on behalf of the Republic of Belarus an agreement on security between NATO and North Atlantic Cooperation Council and Partnership for Peace partner countries.

Council of Europe Rejects Membership Over Elections

LD0606161895 Minsk Radio Minsk Network in Belarusian 1720 GMT 5 Jun 95

[FBIS Translated Text] The holding of free and fair parliamentary elections is one of the fundamental requirements for a country to join the Council of Europe, and at the present stage Belarus has not fulfilled that requirement. This was stated at a news conference on behalf of a group of Council of Europe observers by Gunnar Jansen, correspondent [as heard] of the Parliamentary Assembly of the Council of Europe.

One of the basic shortcomings at the elections, in the view of the delegation, was the restriction on the rights of the mass media to freely cover the election campaign. Restricted access to the mass media and also the policy on the use of money during the election campaign led to a shortage of information about the candidates and an almost complete absence of political debate before the elections.

In the opinion of the Council of Europe observers, the Belarusian law on elections is in contradiction to the Constitution, in particular Article 33, which deals with the mass media.

Observers from the Organization for Security and Cooperation in Europe also noted that there were many shortcomings in the law on elections, in particular some of its provisions can be interpreted in different ways.

U.S. Military Team Arrives To Discuss Environment

WS0706080895 Minsk BELAPAN in English 0729 GMT 7 Jun 95

[FBIS Transcribed Text] A delegation of the U.S. Department of Defense has arrived in Minsk. The visit is being carried out within the framework of the "Joint Reduction of Threat" programme. During the visit the delegation plans to discuss questions concerning the agreement between the military offices of the United States and Belarus on the rehabilitation of the environment in the former strategic missile bases. The visit will last till the end of this week, during which the delegation will be taken to the former military base near Pastavy, Vitsebsk region, where restoration works are being carried out, and visit the Ekomir analytical chemistry laboratory. In addition, the members of the delegation plan to examine the AN-26 aircraft that will be equipped with remote sensors for assessment actions.

Defense Minister Resigns Over Commercial Irregularities

LD0606164295 Minsk Radio Minsk Network in Belarusian 1600 GMT 6 Jun 95

[FBIS Translated Text] By a decision of President of Belarus Alyaksandr Lukashenka, in a number of ministries and departments there has been a check made on financial discipline, the legality of management of state property in links with commercial structures. The Ministry of Defense underwent such an analysis. The check revealed instances of activities of personnel that are contrary to presidential and also government decrees.

In connection with this, criminal proceedings have been instituted. [Words indistinct] abuse concerning first and foremost the so-called commercial activity of the power structures became possible owing to a lack of control on the part of the Defense Minister Anatol Kastenka. The BELTELERADYYOKAMPANIYA news agency has learned that the defense minister submitted his resignation to the president. The resignation has been accepted.

At the same time, Lukashenka has appointed First Deputy Defense Minister Leonid Maltsev as acting defense minister.

President Signs Resignation Order

LD0606161995 Moscow INTERFAX in English 1600 GMT 6 Jun 95

[FBIS Transcribed Text] MINSK, June 6 (INTERFAX-WEST) - Belarusian President Alyaksandr Lukashenka signed a decree Tuesday [6 June] on the resignation of Defense Minister Colonel-General Anatol Kastenka.

According to sources close to the president, the decree does not explain the reasons for Kastenka's resignation. However, lately, Lukashenka has expressed his discontent with Kastenka's work in the area of army development on many occasions.

'Source': Further Resignations Expected

LD0606195995 Moscow Radio Rossii Network in Russian 1800 GMT 6 Jun 95

[FBIS Translated Text] On Tuesday Belarusian President Alyaksandr Lukashenka signed an edict on the resignation of Lieutenant General Anatol Kastenka from the post of the republic's defense minister. Our correspondent Yuriy Svirko reports from Minsk.

[Svirko] As your correspondent was informed by Uladzimir Zamyatalin, the press secretary of the Belarusian president, the resignation was approved on the results of a presidential conference, where issues relating to violations of legislation in the Belarusian Armed Forces were examined. After this meeting Defense Minister Kastenka wrote an application requesting resignation. A large group of generals and high-ranking officers in the Belarusian Army have been accused of having violated legislation when distributing housing, conducting the conversion of the defense industry, and a number of other things. To my question of what the defense minister himself was accused, Uladzimir Zamyatalin said this: It is too early to say.

Incidentally, an extended sitting of the Belarusian Cabinet of Ministers is planned to be held in Minsk on 8 June. A source in the government apparatus informed me that a number of further resignations are expected there. It is expected that the Belarusian president would dismiss Economy Minister Georgiy Badzey and Industry Minister Uladzimir Kurankow.

According to the source in the government, the resignation of Foreign Minister Uladzimir Syanko has not been ruled out; this is being assisted to a large extent by First Deputy Foreign Minister Valeriy Tsyapkala — a man who joined the Foreign Ministry from Lukashenka's pre-election campaign. In a word, Belarus is living in the expectation of stormy events to come.

Former Defense Minister Drops Charges Against President

WS0706082895 Minsk BELAPAN in English 0729 GMT 7 Jun 95

[FBIS Transcribed Text] On June 5 the trial which lasted for almost a year in view of the libel action of the former minister of defence Pavel Kazlowski against the former chairman of the parliamentary interim anti-corruption commission Alyaksandr Lukashenka was completed at the court of the Savyetski district in Minsk. As it was reported, the action followed the publication "What is in Lukashenka's suitcases" in the ZVYAZDA newspaper, in which MP Alyaksandr Lukashenka was accused by Pavel Kazlowski of illegal actions. It became known that at the court's sitting on June 5 Pavel Kazlowski renounced his claims and asked for the proceedings to be stopped. He explained his decision by his unwillingness to destabilise the situation in society, tense as it is. At the same time Mr. Kazlowski declared that he questioned the court's decision in his favour. However, according to him, "a decision unfavourable for the President may adversely affect his authority and aggravate the confrontation of various political forces." "I will not give a pretext to anti-Presidential forces for activation", Mr Kazlowski said.

Agrarian Party Success Viewed as Communist Victory

WS0706082995 Minsk SVABODA in Belarusian 3 Jun 95 p 2

[Report by Syarhey Astrawtsow: "The Collective Farm Meeting Instead of Legislature?" — first paragraph is SVABODA introduction]

[FBIS Translated Excerpt] **When one analyzes the results of Supreme Soviet elections, the "Belarusian Collective Farms" poem involuntarily comes to mind. Thirty three collective farm chairmen — almost 30 percent of the elected deputies — have managed to "squeeze in" the Supreme Soviet! If you add the leaders of various "hierarchies," who only yesterday were collective farm chairmen, you will obtain not a legislature, but a collective farm meeting.**

Let us analyze the results of the "collective farm bureaucrats'" triumph based on the Grodno Oblast model. It is not without reason that the Belarusian Agrarian Party [APB] is considered the Belarusian Communist Party's [BCP] ally in rural areas. Party organizations have been divided — and, in addition, naturally — according to the territorial principle. The formerly powerful BCP has became an organization for purely urban areas; it is primarily based on party-soviet officials (more often of pension age) and on retired servicemen. As for rural areas, communists-agrarians rule there.

As comrade U. Verkhas, first secretary of Grodno Oblast Party Committee, confessed to me, current communists have neither money nor transportation, but agrarians have both, and thanks to this they had greater opportunities for disseminating their ideas among the rural population. It will be interesting to see whether the president is going to control [the electorate]; in this case, how was his edict on equal opportunities implemented during the election campaign? In particular, how was official transportation used, and how much money have the agrarians spent? Their victory, however, does not cast any doubt on the great amount of money spent during the election campaign. [passage omitted]

The urban nature of their organizations, has obviously negatively affected the destiny of BCP candidates for the Supreme Soviet. In addition, the same happened to the BNF, to the Belarusian Social Democratic Assembly, and to the Belarusian Party of People's Accord. For example, elections have not been held in Goradnya, Smorgon, Slonim, and Volkovysk at all. The agrarians, however, have again won in small rayon centers. [passage omitted]

Agrarians from all of Grodna Oblast alone will be represented by 11 Supreme Soviet deputies (they have elected only 17 deputies to date) [as published]. APB Chairman S. Sharetski and M. Hiruts, Grodno Oblast APB Organization chairman, are among them. By the way, I was interested in knowing what comrade Verkhas' attitude toward M. Hiruts was. The first secretary of the Grodno Oblast Party Committee said that M. Hiruts triggered negative emotions earlier, but he hopes that his colleague has reached relevant conclusions. My interlocutor also stated that former Hiruts' sins are not the worst in comparison with the sins committed now... [passage omitted]

I, however, think that relations between the president and the "collective farm" Supreme Soviet — when it is elected — will hardly be idyllic. It seems only at first glance that former collective farm chairman Lukashenka and his current colleagues — who became Supreme Soviet deputies — are soul mates. No, Lukashenka is the most intelligent and the best. Anyway, this was Lukashenka's own opinion expressed during his May television debates, when he reprimanded a collective farm chairman — who tried to show Lukashenka's stupidity — over a 15-minute period. The collective farm chairman, however, maintained his dignity and tried to argue with Lukashenka, however, in vain. The discussion in the television studio turned into a collective farm meeting. Our legislature will likely be the same, if however, there will be any legislature.

Moldova

Popov: No Weapons Claimed From 14th Army

LD0606114995 Moscow ITAR-TASS in English 1132 GMT 6 Jun 95

[By Andrey Urban]

[FBIS Transcribed Text] MOSCOW, June 6 (ITAR-TASS) — "Moldova does not claim a single cartridge from the arsenal of the 14th Russian army, which is not the case with the Dniester region (Eds: Dniester region proclaimed itself an independent republic. However, nobody recognised this independence)," said here on Tuesday [6 June] Moldovan Foreign Minister Mikhail Popov in an interview with ITAR-TASS on the sidelines of the ongoing fifth session of the Parliamentary Assembly of the Black Sea Economic Cooperation.

Turning to a possible resignation of General Aleksandr Lebed, the 14th army commander, the minister expressed hope that a possible change in the command will not lead to spreading the weapons of that army in the region. "General Lebed held weapons of his army under secure protection," he stressed.

The minister noted that the question on a withdrawal of the 14th army from the republic should be settled on the basis of the bilateral agreement concluded by Moscow and Chisinau last autumn.

"We know the constructive position of the Russian government and the Foreign Ministry on this question," he added. "We hope that the State Duma (Eds: Russian parliament lower house) will also approve this document and change its special opinion which injects some tension in relations between our countries."

Popov noted that he is not inclined to dramatise the situation. Russia has already pulled out its troops from Eastern Europe and the Baltics. There are grounds to believe that it will meet its obligations to Moldova too, the minister stressed.

Snegur: Russia Has Special Role in Dniester Conflict

LD0606152095 Moscow INTERFAX in English 1234 GMT 6 Jun 95

[FBIS Transcribed Text] CHISINAU, June 6 (INTERFAX) — Russia plays a special role in the efforts to settle the conflict in Transdniester region (a self-proclaimed republic in Moldova), said President Mircea Snegur on Tuesday [6 June], accepting credentials from the new Russian Ambassador Aleksandr Papkin.

Mircea Snegur suggested that the ambassador should brief President Boris Yeltsin on the real state of affairs in Moldova and on the draft of a special status for Transdniestr Region based on recommendations from the OSCE mission to Moldova.

As Snegur said, the draft will be discussed on Wednesday at his meeting with the Tiraspol leaders. In this context Mircea Snegur noted that problems connected with the need to resolve the conflict in Transdniester Region will be discussed with President Boris Yeltsin at their meeting to be held in Moscow in late June.

With reference to the implementation of the agreement on the status of Russia's 14th Army and the time of its withdrawal Mircea Snegur told the new Russian ambassador that a final decision on this matter will have to be made by the Russian president.

Snegur Issues Decree Setting Up Embassy in Beijing

AU0606200295 Chisinau BASAPRESS in English 1952 GMT 5 Jun 95

[FBIS Transcribed Text] Chisinau BASAPRESS, 5/6/1995 — President Mircea Snegur decreed the opening of the Moldovan Embassy in the People's Republic of China, relayed the presidential press service. BASA learned from the Foreign Ministry that Moldova has no diplomatic representatives in China. China recognized Moldova as a state immediately after its declaration of independence, and in July 1992 opened its embassy in Chisinau. In November 1992, Mircea Snegur paid a visit to China during which 14 cooperation agreements were signed. On 15 September 1993 Chinese Plenipotentiary and Extraordinary Ambassador to Moldova Deng Chaocong handed his letters of accreditation to President Snegur. The inauguration of a new Chinese Embassy building on No. 56 Ciresilor Str. was held on 20 October 1993. The Moldovan President stated then that "although both are so remote, Moldova and China managed to establish mutually advantageous relations in various areas."

Kazakhstan

President Meets French Counterpart in Paris

LD0606165695 Almaty Kazakhstan Television First Program Network in Russian GMT 1400 6 Jun 95

[FBIS Translated Text] As has already been reported, President Nursultan Nazarbayev has left for France and Switzerland on a working visit. A KAZTAG correspondent reports from Paris, on his way to Geneva for a UN conference on disarmament, that the president visited the French capital. A conversation took place at the Elysee Palace this afternoon between President Nazarbayev and new French President Jacques Chirac.

The leaders of the two states are already acquainted with one another. During his official visit to France in September 1992, Nursultan Nazarbayev met Jacques Chirac, who was then mayor of Paris. Today the two heads of state held a tete-a-tete conversation. They discussed urgent issues of Kazakh-French cooperation, and exchanged views on a number of international and regional problems of interest to both of them.

Discusses Closer Ties With CIS

LD0606204695 Moscow ITAR-TASS in English 2029 GMT 6 Jun 95

[By Mikhail Kalmykov]

[FBIS Transcribed Text] PARIS, June 7 (ITAR-TASS) — French President Jacques Chirac and Kazakh leader Nursultan Nazarbayev discussed bilateral relations and international cooperation during the talks in the Palais d'Elysee on Tuesday [6 June].

Chirac highly appreciated the fact that Kazakhstan joined the Nuclear Non-Proliferation Treaty as a non-nuclear country.

The two sides agreed to develop cooperation with Russia and support Russia's reforms.

Nazarbayev informed the French president about his initiative to set up the Euro-Asian Union and to strengthen interaction with the CIS countries. The Kazakh leader stressed the need to increase the level of cooperation between the CIS countries to the standards of the European Union. To this end, the two sides also discussed prospects for interaction between the CIS and the European Union.

Taking into account the geopolitical situation of Kazakhstan and its role in regional issues, France welcomed Kazakhstan's efforts to strengthen internal political stability. According to the French president, it is an important factor to maintain regional stability and security. Paris intends to develop cooperation with Kazakhstan in this sphere.

In this connection Nazarbayev advanced the initiative to convene a conference on interaction and confidence measures in the Asian region.

Official representative of the Palais d'Elysee Catherine Colonna said that the two sides touched upon prospects for economic relations between France and Kazakhstan. The two countries are expected to work out cooperation projects in order to develop of natural and economic potential of Kazakhstan.

President Nazarbayev Arrives in Geneva

LD0606205695 Moscow ITAR-TASS in English 2039 GMT 6 Jun 95

[By Konstantin Pribytkov]

[FBIS Transcribed Text] GENEVA June 7 (ITAR-TASS) — President Nursultan Nazarbayev of Kazakhstan arrived here on Tuesday after visiting France. On Wednesday Nazarbayev is expected to have meetings with the Geneva authorities and is to pay an official visit to the European U.N. office on June 8.

Nazarbayev is to meet with Office General Director Vladimir Petrovskiy, U.N. Under-Secretary-General, chiefs of some subdivisions, and is to address a plenary session of the U.N. Conference on Disarmament, where Kazakhstan has the status of observer.

Verk on Minsk, Constitution, State Policy

954F2443A Almaty KARAVAN in Russian 2 Jun 95 No 22, p 3

[Article by Viktor Verk, under the rubric "Kazakhstan's Week": "Talking About Fickle Fate...."]

[FBIS Translated Text] Watching the events of last week, one sees further proof that politics is a frivolous lady, prone to surprising "stunts" unexplainable from the standpoint of logic. Two events suggested this rather banal thought: the Minsk summit of heads of CIS states and governments, and the presidential decree, published in Kazakhstan's official press, on forming an expert-consultative council to work on the draft of the new constitution.

It was only recently that the priority of the Russian vector in Kazakhstan's foreign policy seemed completely incontestable and unshakeable. However, the latest events suggest that a correction in the domestic foreign office's course is in the works. Judging by the summit of the heads of CIS states and governments that was held in the Belarus capital, Kazakhstan's leadership has noticeably cooled toward the endeavor it liked so much to engage in until recently—working on integration processes within the Commonwealth framework.

This conclusion is supported by the hasty—a day before the meeting began—replacement in Kazakhstan's starting team. Instead of Nursultan Nazarbayev, Vice President Asanbayev was "fielded" to Minsk. On the other hand, the logic of such a replacement (officially explained by the president's cold) becomes clear if we take into account a few points.

Kazakhstan apparently continues to mull over the prospect of its joining the customs union of Commonwealth countries on Russian terms: strict coordination of the course of economic reforms; unification (or bringing as close as possible) of financial-economic legislation. And, of course, Kazakhstan is particularly skeptical of Moscow's desire to get carte blanche on the use of military-strategic facilities on its territory. This Russian position was confirmed once again at the Minsk summit by Russian President Boris Yeltsin. True, appraising the state of affairs in the CIS space, the Russian leader called the trend towards integration within the Commonwealth framework "dominant." He did emphasize, however, that "as before, the point is to increase the practical return from the CIS as a functional entity."

Actually, it was not only the absence of such return that forced the Kazakhstani leadership to turn its back on Commonwealth affairs. As early as the previous meeting in Almaty, when Nursultan Nazarbayev attempted to "run by" the idea of a "chain reaction" of presidential referendums on the entire post-Soviet space, he met with a rather cool reaction not only from the "Europeans" but also from his closest neighbor—Askar Akayev. (By the way, not long ago the Kyrgyz leader confirmed once again that he does not intend to take the tempting road of "expression of popular will." Even though it may be the shortest one.)

In short, this is a very good time, having sent his deputy on a distant journey, to contemplate the vagaries of fate. If one is to believe backroom talk, the residents of the power Olympus on Republic Square began to think about it long before the visit to the Belarus capital.

Meanwhile, the referendum on a new constitution is set for 21 August. An interesting detail: All of a sudden an interesting rumor has "seeped" down from the very top floors of power: Allegedly, impending presidential elections will be announced right after the constitutional referendum. "Of all things!" the reader will exclaim. "What for?" After all, it was only yesterday that the newspapers and television were going all out in persuading us that referendums are much cheaper.

Well, this is, of course, an interesting question. But not the only one. With the same success we could ask why the president formed in his 22 May decree an expert-consultative council for the draft of the new constitution at all?! Following elementary logic, such a council would have the right to exist after the popular debate on the draft—namely, after it is published in the press. However, as it stands now not a single newspaper office has seen the document, but oblast akims [heads of administration], on the other hand, have already got it. Again, why? Could it be that they want to make it available for discussion by people in the provinces? But in this case, why not start with the capital?

Could it be that they want to once again present to us "for discussion" an already finished document (uniformly approved by local and "imported" experts), so that, after all the "democratic" formalities, the leader can take a deep breath and say: "Well, we have discussed it with the people, and I have made this decision!"?

But, first, we have already been through this. And second, how will the experts (even if they are the brightest geniuses!) be able in a matter of two weeks (before 10 June) to perform a comprehensive legal evaluation not of some ordinary normative act but of His Majesty the Fundamental Law? Judging even by the composition of the expert-consultative council, acrimonious discussions and arguments will be unavoidable in its work. Which means that the deadline for finishing the project before presenting it for public judgment definitely will not be met. And then there will really be little time left for popular discussion (real, not in quotes). How much? Well, this is another question the powers that be are in no hurry to answer.

On the other hand, according to rumors (oh, those pesky rumors!), as many as 50 amendments have been made to the "canonical" text, including the one extending the presidential term to 10 years. If this provision does not meet with objections on the part of the experts (and, as 29 April showed, there is nobody else except them to object), the talk about the presidential elections to take place soon after the referendum will become reality. On the basis of the letter of the new constitution and the popular will, so to speak....

This may even elevate the image of Kazakhstan in the eyes of the Americans. And at the same time calm down U.S. State Department chief W. Christopher, who exhorted our leader on the eve of 29 April to return to the true path—that of alternative elections. Especially considering that next year a "hot season" will be upon our republic—time to pay the interest on foreign credits. So it is very important to impress the stern creditors in a most favorable way by returning in time to the bosom of true democracy.

Truly strange are your ways, Lord!

Nazarbayev Outlines Plans for Constitutional Reform

LD0606143595 Almaty PANORAMA in Russian 3 Jun 95 p 3

[FBIS Translated Text] President Nursultan Nazarbayev has promulgated the main provisions of the forthcoming constitutional reforms.

The president, who was on a working visit to Pavlodar, held a meeting with the leaders of the region's local administrations and industrial enterprises on 1 June. One aspect of the scheduled speeches of the president, who was making his first tour across the republic since the referendum, was his vision of the forthcoming constitutional reforms. These will soon become the most important domestic political task of Nazarbayev's administration.

The Assembly of Peoples of Kazakhstan, which is to be convened on 30 June, is to discuss and approve the proposals put forward by Nursultan Nazarbayev. According to the president, the new constitution must be based on perfection in every aspect and must expand democracy and human rights protection. President Nazarbayev described assumptions about the strengthening of authoritarianism and a wish to turn the clock back as "nonsense." The new constitution must, according to the president, be a treaty between the public and the state authority; it must provide carte blanche for carrying out more decisive economic reforms. The president described sweeping privatization as one of the main trends, which could become the priority after macroeconomic stabilization, including in major enterprises, and overcoming the industrial decline.

The president described the political regime to be implemented in the country during the next few years as a "democratic order."

Free elections to the bicameral parliament, whose task is to perform the legislative functions, will be held in Kazakhstan. The president, according to the draft constitution, which is to be put to a nationwide referendum, will be the supreme arbiter in the system of the division of power, with the right to dissolve parliament and dismiss the government.

Speaking about judicial reform, the president warned against running ahead, wanting to "be ahead of America." He thinks that in connection with the current crime situation, judges must be put under the control of a special court council, and pass relevant examinations to qualify for for their present positions. This decision will help the real fight against crime and weed out mercenary lawyers from the court system.

According to President Nazarbayev, the existing Constitution was unable to ensure the economic reforms. One of the trends of the constitutional reforms will be changes in health and education, providing opportunities to develop alternative forms parallel with the state ones.

Speaking about the problem of land ownership, the president called it a compromise between his inner convictions and the existing political situation laid out in the draft constitution on the leasing of land which is in agricultural use, for life. A different decision is likely to be adopted on land on which there are individual constructions and industrial enterprises. To avoid being held responsible for selling off the land, the president proposed to look for better ways of solving this problem for future generations.

President Nazarbayev described peace and tranquillity in Kazakhstan the highest asset of Kazakhstan's society. The president's conviction remains that the country cannot repeat the American, French, or Chinese model; it must build a society which is relevant to Kazakhstan's mentality.

Finance Official on Bankrupt Enterprises

954F2435A Almaty PANORAMA in Russian 27 May 95 No 21, p 9

[Interview with Bazarbay Zharmenov, chief of the Ministry of Economics Financial Policy Administration, by PANORAMA correspondent Nurlan Makhmudov; place and date not given: "Agency for Enterprise Reorganization Can Halt the Nonpayment Problem as Early as the End of the Year"]

[FBIS Translated Text] [Makhmudov] Bazarbay Bakhytovich, you are one of the authors of the set of business reorganization and liquidation measures the government currently intends to apply to insolvent enterprises. Please tell us more about this work.

[Zharmenov] Since the fall of last year the government has adopted a number of documents, which define a whole complex of measures with respect to the reorganization and liquidation of insolvent enterprises. They are aimed at solving one of the most acute and topical problems of our economy—liquidation of enterprises' mutual nonpayments and their growing debt. According to the data as of 1 April, total debt of enterprises in industry, transportation, construction, and agriculture (including the debt on credit and loans) amounted to 298.5 billion tenge, of which 44 percent is past due. Further procrastination in dealing with this problem represents a threat to the current course toward financial stabilization.

In addition to this set of measures, special structures have been created by a government decision—such as the Agency for Enterprise Reorganization under the Ministry of Economics and the Rehabilitation Bank; the Interagency Commission for Business Reorganization and Liquidation of State Enterprises has been revamped and strengthened.

Nonpayments form and debts accumulate for both objective and subjective reasons. First of all they are a result of the insufficiently developed financial and banking system, the imperfect payment transaction mechanism, and so on. Obviously, these reasons are not the main ones and will be easily eliminated as the payment system and its technical base develop. To a certain extent, factors associated with the disintegration of the national-economic complex of the former USSR and the disruption of existing economic ties are still at play.

Another set of problems lies within enterprises and is due to either a lack of knowledge regarding how not to accumulate debt, or the lack of desire. Growing debt is a sign that enterprises have problems stemming from management's inability to adapt to the new conditions, and the absence of any realistic survival strategy. Therefore these problems cannot be resolved without reforming and reorganizing the enterprise itself.

It should be noted that the problem of debt is most acute at state enterprise or enterprises in which the state owns a considerable share of stock. Audits conducted by the Gosfinkontrol [State Financial Control Agency] showed that at many enterprises practically no measures have been taken towards debt liquidation and no active work has been done with creditors. The nonpayment situation sometimes benefits the directors, who take advantage of it, possibly for personal gain. I do not want to say that this is an across-the-board phenomenon, but there already are quite a few facts indicating that in many instances nonpayments have been provoked by economic entities and they have a stake in preserving this situation. I can add that holding companies, agencies, and sectoral ministries have not done much to prevent such a situation.

As far back as last year the Ministry of the Economics proposed to create a special state body and task it with dealing with the nonpayments problem. As a result of many months of coordinating and working out concurrence regarding the new structure, the Agency for Enterprise Reorganization under the Ministry of Economics was created at the end of April.

[Makhmudov] Almost at the same time as the agency was created, the president approved an edict on bankruptcy, which has the force of law. Was there then any need for the agency's existence?

[Zharmenov] The old law on bankruptcy was adopted as long ago as 1992; however, there was practically no real work done in this area. This is due to a considerable extent to the unpreparedness of our court system, auditing and other services, a shortage of professionals capable of carrying out this work, and lack of experience. In addition, this problem is most acute in the state sector of the economy, and a paradoxical situation may arise here, whereby the state, being both the creditor and the owner of the enterprise, would have to sue itself. The second point: In keeping with the law on bankruptcy, the main sign is that an enterprise runs up an excess of debt over assets; if this rule is applied formally (without taking into account the huge social and other problems stemming from this situation), we would end up putting 80 percent of economic entities on this black list. Therefore, in this case the state itself intervenes in this process and creates intermediate structures that may facilitate a resolution of this problem.

[Makhmudov] How will reorganization and liquidation of unprofitable enterprises proceed now?

[Zharmenov] A simplified scheme for working with insolvent enterprises in the state sector is as follows: The agency examines all insolvent enterprises and creates a data bank on them. Those seriously in debt but important to the state will be handed over to the Rehabilitation Bank. The fate of the others will be decided by the agency, and in the event liquidation is recommended, the question will be brought to the consideration of the Interagency Commission of Reorganization and Liquidation of State Enterprises, headed by Deputy Prime Minister Sobolev. The agency, which works closely with interested ministries and agencies, as well as jointly with oblast reorganization and liquidation commissions, now must determine on a quarterly basis the number of insolvent enterprises and the developing trends.

The Rehabilitation Bank has begun functioning; it has taken charge of the 14 enterprises with the greatest amount of accounts payable and is getting ready to accept more enterprises. In doing this the bank in a way isolates debtors linked with many other enterprises from the financial system, and will continue working on their recovery; if this proves impossible, enterprises gradually will be slated for liquidation. The agency, as an organ that coordinates the work of all state organs on this problem, will in the future track how successfully the bank operates, what problems are emerging, and provide the bank with information and methodological support.

Lately, the process of transferring enterprises to the management of foreign companies has begun to gain momentum, as has putting enterprises up for bidding through a custom-designed procedure. The remaining enterprises will constitute the scope of the agency's efforts—examination, evaluation, help in the implementation of reorganization plans, and initiation of these changes.

[Makhmudov] Please tell us in more detail about the decisionmaking process on liquidating an enterprise.

[Zharmenov] From the very beginning, the agency was envisaged as only a working body, while specific decisions on liquidation of enterprises of course must be made collectively—by the Intergency Commission, which was first created last year. It is this commission, in which the Cabinet of Ministers and the leading agencies and ministries are represented, that must settle and coordinate all inevitable disagreements on the fate of enterprises under review. The agency only will prepare objective information, based on a precise evaluation of financial indicators, and expert conclusions.

[Makhmudov] What is the theoretical time frame within which the enterprise under wardship of the agency or the Rehabilitation Bank has to get off the debtor list?

[Zharmenov] I think that if all the new structures work efficiently, we will be talking first of all about the Rehabilitation Bank, which will assume the main burden, since it will be handling the largest debtors, and if the agency manages to pass through the organizational stage fast (I think a realistic estimate would be two months), we should expect progress by the end of the year. At least, I hope that we will be able to stave off any accumulation of new debt. The next stage is implementation of concrete measures.

[Makhmudov] A strange thing: Lately talk about corruption among the directors' corps is being heard more often in the corridors of power as opposed to around kitchen tables. You also mentioned the criminal underpinnings of the nonpayments problem....

[Zharmenov] The decree gives the agency the right "to protect the economic interests of the state during the period of implementing measures of financial-economic recovery and organizing enterprise liquidation." We currently have information from the Gosfinkontrol concerning numerous violations at enterprises. This information will be checked out, and if we find that enterprises were deliberately run down into a state of insolvency, the agency will initiate either administrative or criminal proceedings and pass the material to the appropriate bodies.

Kyrgyzstan

Akayev Gives Views on Central Asia Cooperation

LD0606181895 Moscow INTERFAX in English 1627 GMT 6 Jun 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] The current situation in Central Asia requires a cardinal reform of the system of regional cooperation, President Akayev told an international conference on regional cooperation on Monday [5 June].

Greeting the participants, Akayev proposed that "a special system of neighborly administration should be created. Without replacing the national governments, such a system might involve in politics local national groups and representatives of different branches of authority, political parties and civilian institutions. He also said that the Central Asian countries should seek new ways of broadening regional cooperation instead of borrowing someone else's experience.

He also suggested that the conference on regional cooperation be given a permanent status in order to prevent economic, military and political conflicts. He proposed that a consultative council on stable development be set up to ensure cooperation at all levels, work out a regional development strategy and monitor the current state of world economy and its influence on Central Asia.

The conference on regional cooperation is taking place in a government health center on Lake Issyk-Kul. It was organized with the participation of U.N. experts and the Kyrgyz Foreign Ministry, and is attended by representatives of Kyrgyzstan, Kazakhstan, Uzbekistan and Tajikistan. It has concentrated on economic, cultural and humanitarian cooperation, regional security and measures to prevent regional conflicts.

Resolution Issued on State Incomes Policy

LD0606184395 Bishkek KYRGYZKABAR in Russian 1222 GMT 6 Jun 95

[FBIS Translated Text] On the degree of responsibility of officials of budget-funded establishments and organizations for exceeding the established limit of the Wage Fund

In accordance with Resolution No. 48 of the Government of the Kyrgyz Republic dated 16 February 1995, 'On additional measures on repaying the debt on social payments in 1994,' and with the purpose of observing the strictest economy in managing state funds, the Government of the Kyrgyz Republic resolves:

1. To establish that financial sanctions are to be placed on officials who do not provide control over the observation of the established limit of the Wage Fund, and permit an overdraft, when:

— the limit of the Wage Fund is exceeded by up to 5 percent, when a sanction to the amount of 5 minimum wage payments is placed on the official;
— the limit of the Wage Fund is exceeded by over 5 percent, a sanction to the amount of 10 minimum wage payments is placed on the official.

2. The financial sanctions based on the revealed facts of exceeding the wage limit, indicated in Paragraph 1, are carried out by the State Tax Inspection of the Ministry of Finance.

3. The leaders of the ministries, state committees, administration departments, the heads of local state administrations, and organs of local self-government of Bishkek and Osh are to exercise control over the rational use of the Wage Fund in establishments and organizations subordinate to them.

4. Control over carrying out the present resolution is laid on the Ministry of Finance of the Kyrgyz Republic.

5. The present resolution will take effect from 1 April 1995 [as received].

[Signed] First Deputy Prime Minister Abdydzhabar Tagayev.

Tajikistan

Delegation Head Insists Talks Were 'Success'

MM0606132695 Moscow PRAVDA in Russian 6 Jun 95 p 1

[Report by Alisher Niyazov: "Talks Difficult but Fruitful. Dushanbe Is Pleased With Results of Inter-Tajik Meeting in Almaty"]

[FBIS Translated Text] Dushanbe — The official delegation from Tajikistan is pleased with the result of the Almaty round of inter-Tajik dialogue, Makhmadsaid Ubaidulloyev, government first vice premier, reported at a press conference in Dushanbe on his return from the Kazakhstan capital. The term of the cease-fire agreement has been extended by another three months. Agreement has also been reached on another exchange of prisoners of war on an equal basis. Dushanbe is prepared to supply a list of 157 prisoners who are opposition activists, including some who have taken an active part in the armed conflict. According to information from the Tajik special services, however, the opposition is currently holding 200 hostages and servicemen from the national army.

Steps forward have also been noted "in the refugee question — a fundamental one for the Tajikistani leadership." The Tajikistan authorities are counting on a promise given by the opposition to assist in returning the refugees to their homeland and are prepared to give all refugees guarantees on questions of housing, jobs, and, most importantly, personal safety.

The leader of the government delegation has expressed the firm conviction that all of the aforesaid testifies to the success of the round of talks just held, despite the desire of "certain forces" to present the Almaty meeting as a failure. Indeed, Ubaidulloyev admitted, there are still a great many serious differences of opinion between the sides, primarily on what is known as the constitutional bloc of questions (the opposition is continuing to insist on the creation of a council of national confidence, in which 40 percent each of the seats would belong to representatives of the two conflicting sides, and 20 percent to the republic's ethnic communities). "We stated with great decisiveness in Almaty that we are prepared to examine at the negotiating table any initiatives and any proposals, irrespective of who makes them, unless they contravene the constitution that was approved at nationwide level in the November referendum," M. Ubaidulloyev indicated.

Russian Spokesman: Talks Proceed 'With Difficulty'

LD0606165195 Moscow ITAR-TASS in English 1610 GMT 6 Jun 95

[By Yuriy Kozlov]

[FBIS Transcribed Text] MOSCOW, June 6 (ITAR-TASS) — Russia finds the results of the fourth round of talks between the Tajik government and opposition "positive although not fully what they had been expected to be", said Grigoriy Karasin, a spokesman for the Russian Ministry of Foreign Affairs, at a briefing here today.

The Russian spokesman pointed in particular to the joint statement signed in the Kazakh capital announcing that the parties to the talks had agreed to hand over to the international Red Cross committee before June 25 lists of prisoners to be released and to exchange equal numbers of prisoners before June 20.

The International Red Cross committee and the joint commission for the affairs of refugees were allowed to visit places where the prisoners of war are now held by the parties, Karasin said.

The government of Tajikistan also agreed to suspend for the duration of negotiations between the two Tajik parties, the execution of the opposition members sentenced to death in Tajikistan and to review the cases and sentences.

The parties agreed to step up efforts to return refugees and forcibly resettled people to Tajikistan.

According to the Russian spokesman, a distinguishing characteristic of the fourth round of talks arose from the beginning of an in-depth discussion of the fundamental issues relating to the constitutional system and the consolidation of state in the Republic of Tajikistan.

"On the whole, the talks proceeded with difficulty because of the toughness and unacceptable demands set forth by the delegation from the opposition. The parties failed to reach mutual understanding with respect to a number of substantive items on the agenda even though signs of rapprochement became evident in the course of the talks," Karasin said.

The delegation from the opposition turned down U.S. envoy Ramiro Piriz Ballon's proposal to extend for another three months, until November 26, the term of the agreement on ceasefire and termination of other hostilities on the territory of Tajikistan, the spokesman said.

Grigory Karasin stressed that Russia just as before provided "all necessary assistance to ensure progress of the Tajik dialogue in the interests of attaining national concord."

Rakhmanov, Russian Minister Hold Discussions

LD0706084095 Dushanbe Radio Tajikistan Network in Tajik 0500 GMT 7 Jun 95

[FBIS Translated Text] Tajik President Emomali Rakhmanov today received Valeriy Serov, head of the Russian Federation's working group and minister for cooperation with the CIS countries.

We would like to remind you that a government working group from Russia arrived in Dushanbe on 6 June.

The conversation between Rakhmanov and Serov focused on an exchange of views on economic, social, and cultural issues. A plan to expand cooperation between the governments of Tajikistan and the Russian Federation was (?discussed).

Tajik Prime Minister Jamshed Karimov and other officials of the Republic will also have meetings with Serov. The working group includes people from the fields of the economy, social affairs, and culture, and businessmen, who will hold talks with their colleagues in our Republic. The group's main aim is to study the real situation in Tajikistan and develop cooperation in line with the conditions and opportunities.

Uzbekistan

Karimov Previews Visit to Latvia, Lithuania

LD0606123795 Tashkent Radio Tashkent Network in Uzbek 0600 GMT 6 Jun 95

[FBIS Translated Excerpt] Islam Karimov, the president of our country, left for an official visit to the republic of Latvia today. Our reporter Ghofur Jamolov interviewed the president of our state, Islam Karimov, at the airport before his departure.

[Begin Karimov recording] Uzbekistan, as an independent state, has established multi-faceted ties with neighbors from the near and far abroad, and these ties are serving the prospects and well-being of Uzbekistan today. If we look at things from this point of view, as our people are aware, we sense the influence and benefit of these ties with the CIS states, with Europe, and with the countries of the world community in our everyday life. However, even if we have established diplomatic relations with the Baltic states — Latvia, Lithuania and Estonia — Uzbekistan, as an independent state, has not created the legal basis and grounds for multifaceted relations, as it has done on an equal footing with other states. [passage omitted]

The main aim of today's visit, trip, is to create the legal basis, and legal grounds establishing ties with these countries — Latvia and Lithuania — as independent states. Our plans are to establish friendly ties of cooperation, and on this basis, to set up economic relations, to resolve trade issues — the issues of transportation, air routes and air transportation to Riga and Vilnius — the issues of transportation, which are very important for us. That is why we are preparing to sign four to five agreements on issues of this nature between our countries. [end recording] [passage omitted]

Supreme Council Sets Up Human Rights Commission

LD0606142595 Tashkent NARODNOYE SLOVO in Russian 6 Jun 95 p 1

[Unattributed report: "Resolution by the Supreme Council of the Republic of Uzbekistan on setting up the Commission on Observance of the Constitutional Rights and

Liberties of Citizens under the commissioner on human rights of the Supreme Council"]

[FBIS Translated Text] With the aim of providing more guarantees for observance of the constitutional rights and liberties of citizens of the Republic of Uzbekistan, and exercising the effective fulfillment of the tasks set for the Supreme Council's human rights commissioner, the Supreme Council of the Republic of Uzbekistan resolves:

1. To approve the proposal by the Council of the Supreme Council on setting up a Commission on Observance of the Constitutional Rights and Liberties of Citizens, on a voluntary basis, under the human rights commissioner of the Supreme Council.

2. To establish that the human rights commissioner of the Supreme Council simultaneously acts as chairman of the commission.

3. The Commission on Observance of Constitutional Rights and Liberties of Citizens under the human rights commissioner of the Supreme Council is to be approved in following composition:

— Dilfuza Ghulomova, director of the republic's diagnostic center in Tashkent;
— Ne'mat Jaqipovich Jaqipov, senior instructor at the center for improving the skills of employees of the Prosecutor's Office and the investigation bodies of the Prosecutor's Office of the Republic of Uzbekistan;
— Zoirjon Esonovich Qodirov, deputy chairman of the Trade Union Federation Council of Uzbekistan;
— Zaynabkhon Payghambarqulovna Qoldosheva, head of the legal advice office of Besharyk district, Fergana region;
— Vladimir Imomovich Norov, deputy foreign minister of the Republic of Uzbekistan;
— Irina Alekseyevna Savelyeva, head physician at the republic's children's specialized psycho-neurological hospital;
— Jura Saydullayev, member of the Surkhandaria region College of Barristers;
— Jangaboy Sodiqov, chairman of the Committee on Legislation, Legality and Law Enforcement of the Supreme Council of the Republic of Karakalpakistan;
— Azamat Echonqulov, head of the legal advice office of Akdaria district, Samarkand region;
— Sanjar Ahmedjonovich Yoqubov, chairman of the Presidium of the Tashkent City College of Barristers.

4. Sh. Z. Orazayev, human rights commissioner of the Supreme Council is tasked with working out the regulations of the Commission on Observance of the Constitutional Rights and Liberties of Citizens and to submit this for approval by the Council of the Supreme Council.

[Signed] Erkin Khalilov, chairman of the Supreme Council of the Republic of Uzbekistan, Tashkent, 6 Jun 1995.

Supreme Council Approves Draft Military Doctrine

LD0706093295 Tashkent NARODNOYE SLOVO in Russian 7 Jun 95 p1

[FBIS Translated Text] Resolution by the Uzbek Supreme Council on the draft military doctrine of Uzbekistan.

The Uzbek Supreme Council has decided:

1. To approve the Uzbek draft military doctrine in its first reading.

2. To publish the principles of the military doctrine in the media for public discussion.

3. The Supreme Council committee on defense and security issues and the Defense Ministry are to collate proposals received and submit the amended draft military doctrine to the next session of the Supreme Council for consideration.

[Signed] Supreme Council Chairman Erkin Khalilov
[Dated] Tashkent, 6 June 1995

Armenia

Karabakh Settlers Offered 'Special Privileges'

NC0606121295 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0839 GMT 6 Jun 95

[FBIS Transcribed Text] Stepanakert ("Lragir" daily-Snark), 06/06/95—According to a decision of RMK [Republic of Mountainous Karabakh] Government, special privileges are planned for those who decide to move from Armenia to Karabakh.

The state will cover all transportation expenses. At the same time, they reserve the right for their apartments and jobs in Armenia for the period of living in Mountainous Karabakh. Despite martial law in the republic, they are exempted from military duty after having served for the required period.

AOD Leader Examines Election Prospects

954F2422A Yerevan VREMYA in Russian 24 May 95 pp 1-2

[Interview with Ter-Usuk Pazaryan, chairman of the board of the Armenian Pannational Movement, by Artem Yerkanyan, under the rubric "Elections"; place and date not given: "It Has Practically Been Ruled Out That the AOD Will Not Win in the Elections...."]

[FBIS Translated Text] Even at the end of last summer one could clearly see the purpose for which the political consultations among parties of the first wave were "undertaken" and how they ended up. On 9 September participants in the consultations published a joint statement. A couple of weeks later from the podium of the regular AOD [Armenian Pannational Movement] congress, the president's words were heard: "I am not afraid of calling this association an election bloc." On 20 April the Central Election Commission registered an application for participating in proportional elections submitted by the electoral association Respublika, which included the Armenian Pannational Movement, the Republican Party, the Christian Democratic Union, the Liberal Democratic (Ramkavar Azatakan) Party, the Social Democratic Gichakyan Party, and the Intellectual Armenia Union.

Questions from our VREMYA correspondent are answered by the chairman of the board of the AOD, Ter-Usuk Pazaryan.

[Yerkanyan] Many observers are predicting the collapse of the Respublika bloc after the elections. There is the opinion that the only purpose of the parties joined together in this alliance is to ensure that they get the largest number of mandates. There is no ideological unity in the "right-wing" camp, and there can be none.

[Pazaryan] Coalitions do not last forever. They are created to achieve particular goals. Nobody is trying to conceal the fact that Respublika is an electoral bloc. Common interests during the pre- election period have brought the leaders of organizations with similar ideologies to the idea that it is necessary to create a union. As for differences, so far there have been none among us. All six parties in the bloc have the same approaches to vitally important issues.

[Yerkanyan] The composition of the slate of candidates from the Respublika bloc is extremely interesting. There are 46 (!) top leaders and assistants from among the local authorities, four bakery directors, four timber enterprise directors, two singers, one merchant, seven bankers, and, which is very interesting, four of the last group are among the managers of Ardshinbank. This circumstance has provided an occasion for rumors to the effect that Ardshinbank is financing the AOD election campaign.

[Pazaryan] I can deny that rumor with the same conviction with which I recently denied the rumor that I had a four-story villa on the Proshyan Sovkhoz. The AOD election campaign is being conducted strictly in compliance with the law.

As for the figures you cited, when analyzing them you must take into account the factor that the candidates were nominated from several levels and on the basis of several criteria. Let us take those bankers. We did not set the goal of nominating precisely four representatives of Ardshinbank. Two of them were included on the list as specialists whose potential would be useful in the legislative organ. The others were nominated by regional AOD organizations. The same thing can be said about the chairmen of the rayon councils, some of whom were nominated not as leaders of local organs but as rank-and-file and at the same time active members of the AOD.

Of course we tried to make the list reflect all segments of the society. But one must consider the obvious activity of representatives of particular groups. I am not the one ultimately to blame for the fact that bankers, bakery directors, and foresters are more active than engineers and builders.

[Yerkanyan] Are you not disturbed by the fact that the Respublika list includes the names of four former members of the Central Committee of the Communist Party?

[Pazaryan] If you had asked me this question in 1990 I probably would have had to think for a long time. But now....time passes and everything changes. People change, and so do their views and convictions. Why do you grant Vazgen Manukyan and Albert Baglasaryan the right to move from one camp to another, but you stand in judgment if the same thing is done by Gryapush Akopyan or Ararat Gompyan?

[Yerkanyan] Many would be surprised to learn that the top 10 of Respublika include the former head of the government of socialist Armenia....

[Pazaryan] Fadey Sarkisyan is the president of the National Academy of Sciences. It is a great honor for us that a scholar with such a name is running from our bloc.

Sarkisyan is a member of the Intellectual Armenia Union, which is included in our electoral association. This is the organization that nominated him. All the other parties of the alliance, of course, supported this nomination.

[Yerkanyan] Will there be any kind of regrouping in the structures of executive power if the AOD, in spite of your predictions, does not garner half of the mandates of deputies of the National Assembly?

[Pazaryan] I do not see any point in discussing this, since we can practically rule out the possibility that the AOD will not win in the elections.

[Yerkanyan] Which parties, in your opinion, will be able to pass the 50-percent mark in elections without a proportional system?

[Pazaryan] The AOD, the Communist Party, with great difficulty, and, possibly, also the National Self-Determination Association. The others will not be able to.

[Yerkanyan] During your television appearance on the program "Face to Face" you ranked the opposition according to points. You accused all of them of mortal sins except for the Communist Party and the ONS [National Self-Determination Association]. Is it a simple coincidence that it is these same parties to which you give places in the National Assembly? Or is the AOD interested in the success of the most "constructive" opposition forces in the parliamentary elections?

[Pazaryan] I did not mention the communists and the Christianocrats simply because there was not enough air time.

We have always tried to refrain from methods of hand-to-hand combat, which have been imposed on us by the opposition. But we were forced to it. After all the filth and lies that were poured down on us by the opposition, there was nothing left for me to do except say everything I know and think about them.

[Yerkanyan] One gets the impression that the AOD, in parallel with the struggle for deputy mandates, is already preparing for the presidential elections. Otherwise why do the accusations against the opposition so frequently change to attacks on individuals. After all, the president is well aware of who his main competitors will be. At least two of them—Vazgen Manukyan and Ashot Manucharyan, who have recently received more from the AOD than the others have.

[Pazaryan] I deny what you are saying because Levon Ter- Petrosyan has no competitors in Armenia today and so there is no point in fighting against them.

The reason why the accusations sometimes shift from the organizations to their leaders is related to the excessive role of the individual in the opposition parties. What is the NVS [National Democratic Union]? It is not a community of people joined together by convictions but simply a group formed around Vazgen Manukyan. The same thing is true of many other parties. So when I accuse the "National State," I could be speaking only about Samvel Shagimyan personally. I do not know anybody else in this organization.

[Yerkanyan] The AOD today—is it Ter-Usik or is it still Levon Ter-Petrosyan?

[Pazaryan] Levon Ter-Petrosyan was there at the beginning of the creation of our organization. And he is still its soul and inspiration, its most important player. But I frequently have disagreements with him. Today Levon Ter-Petrosyan is the same as the AOD exactly to the extent to which he supports the organization's policy. I can say the same thing about Grant Bagratyan. If he were to suspend the reforms for even a day, he would no longer represent the AOD.

[Yerkanyan] When discussing the draft constitution in parliament they frequently use as an example France, which is known for its strong presidential authority but has not "slipped" into autocracy. A couple of days ago the new prime minister of the French Republic announced the members of his government. Of the 26 ministerial portfolios, only 12 were given to members of the Gaullist Party, which won in both the parliamentary and the recent presidential elections. The other 14 portfolios were distributed among members of the opposition parties and nonpartisans. Armenia's government today does not have a single representative of any party except the AOD. I suggest that members of the opposition are not likely to appear in the future either. So how appropriate have the examples of France, the United States, and other developed countries been?

[Pazaryan] I do not rule out the possibility that the next government will include representatives of parties that are partners of the AOD in the bloc [words missing] proposed representatives will indeed be specialists of the corresponding level. When forming the cabinet, we pay no attention to party affiliation. Only professional qualities are taken into account. If you will recall, regarding this issue we had serious disagreements with Albert Baglasaryan when he was a member of the AOD board. The group of his supporters, who have now broken away from our organization, insisted on party rule. The AOD is against having the government subordinate to the ruling party or having it consist only of its members. But we do not consider it correct to form a government taking into account the alignment of forces in parliament, as is done in France and certain other countries.

[Yerkanyan] You consider the draft of the constitution to be optimal. But just for illustration let us resort to hyperbole and imagine this situation. Healthy forces are victorious in the elections on 5 July, but in the presidential elections in October 1996 a person becomes head of state through deception. He is psychologically unbalanced and proclaims himself to be a Kaiser president and wreaks havoc, taking protection, incidentally, in the provisions of the constitution. Healthy forces in parliament are unable to restrain the insane president, since impeachment of the head of state requires two-thirds of the votes in the Constitutional Court, almost half of whose members were appointed by the president himself. So it turns out that because of the short-sightedness of the deputies of the Supreme Council of the Republic of Armenia of the first convocation, the whole country is destroyed.

[Pazaryan] The people should be aware that electing the head of state is no game. The people do not have the right to make a mistake.

[Yerkanyan] But if this happens anyway....

[Pazaryan] The proposed draft constitution makes it possible to force the president to consider the will of the majority. The president may not form a government without the consent of parliament. Let us assume that he has disbanded parliament and declared new elections. After all, the new one will not put up with arbitrary behavior either. [Words missing] the National Assembly the head of state does not have the right sooner than a year. This means the president would be forced to appoint a government that suits parliament and, deprived of real power, to actually become a figurehead like the queen of England.

[Yerkanyan] The adoption of the constitution requires no less than 30 percent of the votes of the constituents. This is a considerable figure. It is quite possible that the efforts of the opposition will lead to a situation where the National Assembly will have to develop a new draft of the basic law. What do you think of that?

[Pazaryan] I do not have enough time to think of something that cannot be.

* * *

The list of the Respublika bloc includes 31 deputies of the Supreme Council of the Republic of Armenia, seven of whom are members of the presidium and 19 are members of the government, of whom five are state ministers, 11 are deputy ministers and first and second individuals of state committees and state administrations, five are workers in the president's apparatus, seven are workers in the government apparatus, two are workers in the Supreme Council apparatus, nine are chiefs of administrations and departments of state institutions, and 18 are managers of industrial enterprises, including those such as Kanae, the jewelry and cognac plants, five managers of commercial structures, 12 figures in science, including seven rectors and deacons of VUZ's [higher educational institutions], four academicians and corresponding members, five instructors, two aviators, one lawyer, one diplomat, one chairman of an international organization, one actor, five medical workers, one volunteer from the fedayeen detachment, and two journalists. And 11 candidates have no permanent jobs at all. Two positions have been given to representatives of national minorities—an unemployed person, Yazid Kurd Gasanyan, and the chairman of the Russian Garmoniya Society, Mikhaylov. Of the 222 names, only three are women.

More than half of the candidates included on the list are members of the AOD. There are 121 of them. There are half as many nonparty members—64. Respublika members—eight, Liberal Democrats—nine, Christian Democrats—six, Social Democrats—three, and 11 candidates represent the Intellectual Armenia Union.

Motives Behind Shakhnazaryan Ouster Viewed

954F2429A Yerevan GOLOS ARMENII in Russian 23 May 95 p 1

[Unattributed article under the rubric "Notes in the Fields": "What the Authorities Are Doing with the People"]

[FBIS Translated Text] After Artavazd Manukyan's death, it would probably be blasphemous not to think about whether or not David Shakhnazaryan had anything to do with it and, if he did, whether his either voluntary or forced departure from the GUNB [Main National Security Directorate] was related precisely to this tragic event. Obviously questions of this kind will not be resolved in a couple of months: First there will be extensive intrigues in the highest echelons of power.

Certain data indirectly confirm this guess. On the Zhamanakachal program Sunday before last, Shakhnazaryan again turned the discussion to Karabakh, although what with his first undeclared and then overt war against the Dashnaktsuytun, in his public statements he has repeatedly touched on this subject. There is also reliable information to the effect that on the day of the death of Artavazd Manukyan he received a call from one highly place diplomat of a foreign country, and Shakhnazaryan acted as though this had nothing to do with his high position. One can assume, of course, that he was being duplicitous or, as Babken Ararktsyan usually does, at a decisive moment he pretended to be an innocent bystander, but for such a personality as Shakhnazaryan, such stupid devices really seem to be simply unacceptable.

But the question of the dates is not as significant against the background of the extremely important discussion about how untalented, selfish people who are in all ways trivial to the point of being revolting, over an intolerably long period of time destroy not even the actuality but the very essence of the idea of our national security. Artavazd Manukyan's death—may his relatives and loved ones forgive me—is merely a small episode in a long chain of all-absorbing attempts to transform the state power structure into a weapon of personal revenge, and this under the guise of fine words about the highest state interests.

It would be possible to devote many a page to this grim subject, but enough has already been written about many aspects of the activity of both David Shakhnazaryan and the service of which he was in charge, including in our newspaper. And now is not the time to celebrate the fact that our prediction turned out to be accurate and there is no way this could be a pleasant thing to do.

David Shakhnazaryan was undoubtedly an exceptional individual. Having managed at one time to read the speeches of all AOD [Armenian Pannational Movement] leaders at their regular congress, at that time I singled him out from the rest of the boring blowhards. The clarity of his thought, the precision of his descriptions, his rigorous logic, and his perhaps not always very pleasant but completely substantiated conclusions. And when this very person was appointed ambassador for special instructions and he was especially instructed to handle Karabakh, the thought arose that only one person could actually end up in his position. But in the upper echelons of power by the will of the president more changes were made, more scapegoats were found, and Shakhnazaryan unexpectedly ended up in a post which he obviously had never hoped to take over.

Could he honestly carry out these special instructions? I think he could only if he set for himself the task of truly serving the state and not just one individual. Shakhnazaryan, unfortunately, selected the latter path, and he ultimately had to pay for this.

Nobody can convince me, or may others either, that every AOD member is inherently anti-Dashnak, no matter how much of a neo-Bolshevik he may be. But I know for certain that Dashnakophobia has extremely deep roots in the heart of a certain part of the AOD elite, and above all their leader Levon Ter-Petrosyan, the main carrier of this dangerous bacillus. At times there is even the suspicion that he gathers people around him and ranks them solely according to the principle of their degree of Dashnakophobia. The higher this degree, the higher the position.

David Shakhnazaryan could hardly have skipped this test. When he began to work, he actually became the main ghost hunter. If the Dashnaks in no way fit the image of the "internal enemy" described by the president long ago, the security service was to be the first to eliminate this "shortcoming." Judging from the way this work was stepped up, Shakhnazaryan was more than willing to take on this matter. Only he himself could have told us why.

He proceeded to attain another person's objective with such enviable persistence that at times it did not seem to be someone else's. A fanatic? I do not know. Perhaps he is an ordinary servant, prepared to go to any lengths to climb up another rung on the ladder. But yet such people do not have sudden outbursts of pride, while he, before his last resignation once again, if my memory does not deceive me, actually left the president's team. True, the alienation did not last long, but such willfulness would hardly be encouraged if it were anybody else in Levon Ter-Petrosyan's inner circle.

I do not think that Shakhnazaryan left because he could not reconcile himself to the conditions of the presidential pressure, which deprived everyone of their individuality, and after the change of power left them with only the prospect of disgraceful flight. He took on too much responsibility and excessively "enriched" the list of official abuses to suddenly stop in midstream. And there are enough sins in the Dashnak saga (of course I am talking about the Vaan Avakyan affair) to throw everything off at a decisive moment and, as the presidential press secretary puts it, engage in a pure election campaign. These are the wrong hands and the spirit was probably very gloomy. A fact, however, remains a fact. And nothing can change that.

Although we know nothing about the reasons for Shakhnazaryan's resignation, we are all too familiar with its consequences. The appointment of Cerzh Sarkisyan, Vazgen Sarkisyan's man, leaves no doubt that the power in the republic is now actually concentrated in the hands of one person. Shakhnazaryan resisted this prospect, and is the reason why he lost not that small Armenia cannot tolerate such a large number of leaders? It seems that it will be necessary to return to this subject again and again....

....During the days when Vaan Avakyan was being tried, the newspaper DRAGIR published a photograph of him as a child, where he was shown with his inseparable friend in kindergarten—David Shakhnazaryan. The very one who actually doomed him to prison.

What are the accursed authorities doing to people?

Azerbaijan

Gasanov Begins Partnership Talks With NATO

LD0606180395 Moscow ITAR-TASS in English 1719 GMT 6 Jun 95

[By Viktor Shulman and Sevindzh Abdullayeva]

[FBIS Transcribed Text] BAKU, June 6 (ITAR-TASS) — Azerbaijan's Minister of Foreign Affair Gasan Gasanov today held the first round of talks with General Jeremy MacKenzie, Deputy Commander of the NATO armed forces in Europe, who is in Baku for a three-day working visit.

According to the Minister, the talks centered around the presentation document concerning specific forms of cooperation between Azerbaijan and NATO within the framework of the Partnership for Peace programme.

The Minister said the document which will be signed soon reflects the interests of Azerbaijan. The NATO General explained that it will reflect "all the wishes expressed by Azerbaijan, in particular, in what form it wants the North Atlantic alliance to provide assistance" to the Republic.

The General stressed that the alliance was prepared to extend comprehensive assistance to Azerbaijan, an important step forward in cooperation between the North Atlantic Treaty Organisation and the Republic of Azerbaijan.

ITAR-TASS learned that cooperation includes assistance to Azerbaijan in planning its national defence and drafting its budget, ensuring democratic control over the armed forces in joint military activity and in settling crises.

Gasan Gasanov specified that the latter point provides for the creation in Azerbaijan of a modern civil defence system, assistance in planning actions in emergencies, the setting up of rescue groups, and the training of special units in the struggle against terrorism.

The Minister said that in addition future contacts with NATO will involve exchange of information and interaction in the field of environmental protection. According to him, Azerbaijan for its part assumes certain obligation with respect to labour and material resources provided within the framework of the Partnership for Peace programme. He said the Republic has already taken steps to impart an impulse to partnership.

Responding to questions about Azerbaijan's proposed participation in political consultations and NATO military exercises this year, General MacKenzie said that the talks in Azerbaijan considered cooperation in these fields only in a general context within the Partnership programme. He stressed that questions of this level were normally handled by conferences of the North Atlantic alliance and expressed the wish to see Azerbaijan's military representative accredited at NATO headquarters soon.

The general also announced he would visit a number of army installations in the course of his visit to the Republic of Azerbaijan.

President: Elections Will Be Democratic

NC0606131795 Baku TURAN in English 0837 GMT 6 Jun 95

[FBIS Transcribed Text] Baku (JUNE 6) TURAN—Yesterday there was the first session of the Constitution Commission under the chairmanship of President Aliyev. Its staff was approved on June 2 by the Milli Mejlis.

President Aliyev mentioned that presently the Constitution adopted under the Soviet period in 1978 it still valid. Three years have passed since approval of the Constitution act on Azerbaijan's state independence by the Parliament, but there is no new Constitution yet. "The basic purpose of our society is building of legal, secular and democratic state. This purpose must become the basic principle of new Constitution", Azeri President mentioned. He said that such basic democratic principles like electiveness of power, freedoms and rights of individual, freedom of speech and conscience, rights of citizens to elect, equal rights irrespective of religion, nationality and race will be laid in the Constitution. The new Constitution must also reflect the mechanizms for protection of the state independence.

Azeri President said that the Parliamentary elections are scheduled for October 1995. That is why, besides the draft of new Constitution, the Constitution Commission has to discuss the law on elections. President Aliyev mentioned that in the near future both these laws must be submitted for the consideration by the Milli Mejlis. Before October new Constitution must be submitted for the consideration by the national referendum.

President Aliyev said that at present there are several variants of law on elections, which the Constitution Commission is to discuss as well. "There is the variant of majoritary elections to one-Chamber Parliament, another variant is two-Chamber Parliament, with the upper Chamber elected on the majoritary system, and the Lower Chamber—on the majoritary proportional system. The third variant provides for majoritary-proportional elections to one-Chamber Parliament", Azeri President said. "There is also the fourth variant—proportional elections to one-Chamber Parliament", the Chairman of Azerbaijan's National Independence party, Etibar Mamedov, said.

President Aliyev also mentioned that the new law must define the quantitative staff of the Parliament.

Azeri President said that the elections will be democratic. Adoption of Constitution and Parliamentary elections he called the basic events of the year. "These events must lead to strengthening of political stability in the country", Azeri President mentioned.

President Aliyev said that it is advisable to conduct the forthcoming Parliamentary elections and to adopt of new Constitution in the second half of October. He said that probably it will be on October 18—the Day of independence or on two last Sundays of October—October 22 or 29.

"Adoption of new Constitution is a special day and it will be celebrated as a national holiday", President Aliyev said.

After the break the Commission continued its work with a close complement.

Official on Censorship After State of Emergency Lifted

NC0606205795 Baku TURAN in English
1110 GMT 6 Jun 95

[FBIS Transcribed Text] Baku, June 6 (TURAN)—"I think that after cancellation of the regime of the state of emergency by the Parliament there is no necessity in the activities of the censorship as before", the Chief of the Senior Department for protection of State Secret in press, Jangir Ildyrymzade, [name and title as received] told Turan's correspondent. He thinks that in conditions of war, protection of the state secrets is one of the basic factors for achievement of victory. That is why liquidation of this organisation would have been unreasonable, he thinks. "At present the basic task of our activities is non-admission of the military information in press", Ildyrymzade mentioned. He said that the activities of the censorship in the country will be the prerogative of the top political leadership of the country.

The cancellation of the regime of the state of emergency did not change the situation of the freedom of speech. At present the censorship of Baku's Commandant is annulled, while the political censorship and the censorship of Special Department under President is still active as before. It means that today as before the newspapers are published with white spots.

Georgia

Russian General on Refugees Returning Home

LD0606155495 Moscow ITAR-TASS in English
1452 GMT 6 Jun 95

[By Nadezhda Chaikova]

[FBIS Transcribed Text] MOSCOW June 6 (ITAR-TASS) - Major-General Vassiliy Yakushev, Commander of the Russian peacekeeping force in Abkhazia, confirmed his readiness "to promote the return of refugees to their homes" during a meeting with Otari Kakaliya, Chairman of the Commission for Refugees to the President of the Republic of Abkhazia, on Tuesday, Igor Akhba, Representative of the Republic of Abkhazia to the Russian Federation, has told ITAR-TASS.

A mechanism for the handing over of filled forms for the return of refugees in an organised manner and problems connected with the refugee return process proper were discussed during the meeting, Akhba said.

Earlier the handing over of forms and the return of refugees were carried out with the mediation of a mission of the Office of the U.N. High Commissioner for Refugees (UNHCR). However, at present, UNHCR Mission Chief Toure Berressen has declined to participate in this work, Akhba said.

Warning on Russian Mediation in Abkhazia

LD0606141295 Tbilisi SAKINFORM in Russian
2119 GMT 5 Jun 95

[FBIS Translated Text] [No dateline as received] Murman Omanidze, the former Georgian minister of foreign affairs and member of the Georgian parliament, told a news conference in Tbilisi that in trying to settle the Georgian-Abkhaz conflict, Georgia should not count on Russian mediation, because quite a few Russian structures have already become the owners of installations in Abkhazia. He said that in order to settle the conflict, Abkhaz separatism must be blown up from within. This could be achieved through supporting the opposition to [Abkhaz leader Vladislav] Ardzinba.

Decision Issued on Turkmenistan Gas Supplies

LD0606143695 Tbilisi SAKINFORM in Russian 2119 GMT 5 Jun 95

[FBIS Translated Text] [no dateline as received] Having examined the progress of implementation of the 1995 intergovernmental trade and economic agreement between Georgia and Turkmenistan on natural gas deliveries, the Georgian Cabinet of Ministers has decided that deliveries should be carried out under direct agreements between businesses. Nor will the state pay for fuel imports. This is in line with IMF recommendations.

Shevardnadze, Cabinet Meet To Discuss Privatization

LD0606190795 Tbilisi Radio Tbilisi Network in Georgian 1700 GMT 6 Jun 95

[FBIS Translated Text] Georgian Head of State Eduard Shevardnadze held a meeting in his office today devoted to mass privatization in the republic and the progress of the distribution of privatization cards among citizens of Georgia. The meeting was attended by members of the republican Cabinet of Ministers and officials from joint-stock companies, banks, and Tbilisi municipal authorities. Avtandil Silagadze, Georgian minister of state property management delivered a report on the subject of the meeting.

The meeting heard a great number of proposals concerning the privatization process. Deputy Prime Minister Teimuraz Basilia especially stressed the need to involve the population of Abkhazia and the Tskhinvali region in this process, despite the fact that these territories are still outside the jurisdiction of the Georgian authorities. He proposed that a way be found to use a machine method [as heard] to process lists of residents of these regions.

The meeting was summed up by the head of state, who noted that at this stage in privatization it was necessary to speed up the process in a sensible and well-thought-out manner. He also stressed the need to adopt a law on securities.

Estonia

Zhirinovskiy Aide on Rozhok Expulsion

WS0706083795 Tallinn BNS in English
1600 GMT 6 Jun 95

[FBIS Transcribed Text] Moscow, June 06, BNS — The leader of the ultranationalist Russian Liberal Democratic Party Vladimir Zhirinovskiy on Tuesday [6 June] addressed a statement to President Boris Yeltsin demanding that Mikhail Bronsteyn, an economics adviser to the Estonian Embassy in Moscow, be expelled from Russia.

Zhirinovskiy also demanded that Russia establish economic sanctions against Estonia, the Liberal Democratic Party's press secretary Viktor Filatov told BNS. As justification for the demands, the statement gave the need to respond to Estonia's decision to expel for the second time Pyotr Rozhok, the party's former representative in this Baltic country.

Filatov told BNS it was Abdullakh Mikitayev, head of a citizenship commission with the Russian president's office, who had advised Zhirinovskiy to turn directly to Yeltsin.

A Mikitayev spokesman, however, categorically denied this information.

Rozhok was first deported from Estonia in March. He was given a two-day visa to attend a court session in Tallinn last week to contest the legality of his expulsion. As the session was postponed, Rozhok applied for an extension of the visa, but the authorities turned his application down.

Rozhok's visa expired Friday, but he refused to leave Estonia voluntarily. Police put him Sunday on a train headed for St. Petersburg and escorted him to the Estonian-Russian border.

Official Comments on Russian View on Tartu Treaty

LD0606190195 Tallinn Radio Tallinn Network
in Estonian 1700 GMT 6 Jun 95

[FBIS Translated Excerpt] Another news item has originated from the Russian Foreign Ministry concerning the Tartu peace treaty. Mall Malberg has asked for comments from our Foreign Ministry.

[Malberg] We have just received a news item from Interfax, which runs as follows: Moscow has no intention of recognizing the Tartu peace treaty as it contains a whole string of obligations quite unacceptable to the Russian side. [passage omitted] What could be said in comment upon this statement? Here is Raul Malk, the Foreign Ministry's deputy chancellor, on the telephone.

[Malk] As is known, it has been recently and repeatedly stated to the public that a meeting between Estonian and Russian foreign ministries' senior officials is being prepared, and next perhaps also a meeting between the -foreign ministers. If one considers everything the Russian Foreign Ministry's official said when interviewed by INTERFAX, then one can certainly view this as diplomatic and propagandist preparation for possible meetings. This is one possible point of view. We will acknowledge it and continue work.

The second point of view is that if this presents a detailed Russian position, then we can present our counterarguments here, about the validity of the Tartu peace, and about the fact that the line unilaterally marked down by Russia cannot be viewed as a border of any kind, and so on. And so, we hope that there will be contacts soon enough and we will be able to put in serious work between us diplomats. And well, press statements will then perhaps be seen as press statements and work as work.

Premier Comments on Concessions to Non-Citizens

LD0606185095 Tallinn Radio Tallinn Network
in Estonian 1700 GMT 6 Jun 95

[FBIS Translated Excerpt] Now about everything in more detail, in particular about the Government's work. The Government sitting today discussed two bills on the law on aliens and balancing the state budget. Here is Mati Kirotar with details.

[Kirotar] The Government adopted its position on two bills dealing with amendments to the law on aliens. One of them was tabled by MP Olav Anton, and the other by the Riigikogu's Russian faction. One of the most important clauses in the bill on amendments to the law on aliens tabled by the Russian faction is for the deadline, 12 July, for residence permit applications to be extended. What position did the Government adopt on this issue? Here is Prime Minister Tiit Vahi.

[Begin Vahi recording] The law was adopted in the summer of 1993. A deadline was also set: applications had to be made within a year. It turned out that by 12 July, the summer of 1994, there had been no applications made and the previous government extended the deadline by a year. Now another year has gone by, which makes it two years since the law was adopted. The present situation is that very large numbers of people have not applied. We have said that we did not want this 12 July deadline to be amended. At the same time, we have to consider that after the 12th there will be very many people living here who have not applied. Consequently, a different procedure must be found for them.

First, we envisage that those who have handed in their applications on time, that is by 12 July, could in principle be granted residence permits for a fixed period, which in the principle would mean the same conditions and opportunities for them as those with permanent residence permits. [passage omitted]

I believe that in principle we have now advanced from interminably extending the law to applying other sanctions against those people who have failed to apply. They themselves should be interested first and foremost in getting their problems solved, in submitting their applications, even under a special procedure if they fail to do so within the month left until the deadline. [end recording]

[Kirotar] [passage omitted] So, the Government today supported the bill tabled by Olav Anton, and added its position and amendments. What will happen next is for those positions to be agreed with those of the author of the bill, and then the amended version of the law on aliens will go to the Riigikogu. [passage omitted]

Latvia

Uzbek President Arrives on Two-Day Visit

LD0606114395 Riga Radio Riga Network in Latvian 1100 GMT 6 Jun 95

[FBIS Translated Text] At about midday today, President Islam Karimov of Uzbekistan arrived in Latvia on a two-day visit. He was welcomed at Riga airport by Prime Minister Maris Gailis, Foreign Minister Valdis Birkavs, Latvian Ambassador to Uzbekistan [name indistinct], and other officials.

In about 20 minutes the first meeting between Islam Karimov and President Guntis Ulmanis will take place in the Armorial Hall of Riga Castle. After that, several interstate agreements will be signed in the White Hall of the castle. After signing the agreements Islam Karimov will depart for the Freedom Monument where he will lay a wreath.

This afternoon, Islam Karimov will meet representatives of the Uzbek community in Latvia at his official residence in Jurmala. Prime Minister Maris Gailis will also attend the talks.

In the evening, a ceremonial dinner will be given at the state banqueting hall in Riga Castle in honor of the Uzbek president.

Friendship Treaty Signed

LD0606162695 Tashkent Uzbekistan Television in Russian 1430 GMT 6 Jun 95

[FBIS Translated Text] Today, the official visit by the head of our state to the Republic of Latvia has started. Our correspondent Sadritdin Suyarov has reported by telephone.

[Suyarov] At Riga airport, which has been decorated with the state flags of Uzbekistan and Latvia, President Islam Karimov was met by Maris Gailis, prime minister of the Republic of Latvia. A guard of honor was present for the high-ranking guest and the state anthems of the two countries were played. An official welcoming ceremony took place in the White Hall of the Riga Fortress. Again, the state anthems were played. Latvian President Guntis Ulmanis warmly received Islam Karimov and greeted him on his arrival on Latvian soil. The members of the state delegations were presented by the presidents of Uzbekistan and Latvia. Representative of diplomatic missions accredited in Riga participated in the official ceremony.

One-to-one talks between the presidents then started. At the end of the talks Presidents Karimov and Ulmanis signed a treaty on friendship and cooperation between the Republic of Uzbekistan and the Republic of Latvia, and agreements were also signed on cooperation in the field of air links, transport, tourism, and science and technology.

The ministers of foreign affairs exchanged opinions on the external policies of the two countries.

It is also expected that President Karimov will today meet Nur [Light], representative of Uzbek cultural society.

Karimov Seeks Closer Baltic Links

LD0606182595 Moscow INTERFAX in English 1627 GMT 6 Jun 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, and edited by Vladimir Shishlin]

[FBIS Transcribed Text] President Islam Karimov who is at the start of formal visits to Latvia and Lithuania told INTERFAX on Tuesday [6 June] that the two Baltic states were among his country's important partners in the area of communications. He said their sea ports could help speed up Uzbek exports to European markets.

Karimov said Uzbekistan was building a secular market-oriented state and that the experience gained by Latvia and Lithuania which were the first among the former Soviet republics to embark on the road of independence was very "interesting to us".

He spoke of long running contacts with the two Baltic states saying both of them were Uzbekistan's important trading partners when the former Soviet Union was still alive.

"We are now seeking to restore former trade, economic and cultural links broken off after the disintegration of the Soviet Union", Karimov said.

He denied planning to visit Estonia "which appears to have its own problems".

During a two-day visit in Riga, Karimov plans to sign an outline political agreement with Latvia and meet members of the Uzbek community there. Other agreements include bilateral cooperation in transport, tourism, education and air links.

Uzbekistan and Lithuania are expected to sign a declaration on bilateral cooperation. The Uzbek leader will also meet Lithuanian MPs and representatives of the local business world.

Cooperation Stressed in Karimov Visit

LD0606184295 Riga Radio Riga Network in Latvian 1701 GMT 6 Jun 95

[FBIS Translated Text] President Islam Karimov of Uzbekistan arrived in Latvia today for a two-day visit. In the afternoon, at Riga Castle, State President Guntis Ulmanis of Latvia and the president of Uzbekistan signed a treaty on the two countries' friendship and cooperation. Latvian Foreign Minister Valdis Birkavs and Uzbek Foreign Minister Abdulaziz Komilov signed an agreement on air transport providing for the introduction of regular air routes, and agreements in the spheres of transport and tourism. The foreign ministers also concluded an agreement on the two countries' scientific and technical cooperation.

Karimov made no secret of the fact that cooperation between the two countries within the USSR took place at the behest of Moscow, which did not always correspond to their common interests. By concluding these agreements, a legal basis is created for a new kind of cooperation whose priorities are set by the countries' governments.

Opportunities for economic cooperation were discussed by the guest with Prime Minister Maris Gailis. Karimov noted that in Uzbekistan there is a demand for Latvian-made minibuses, railroad carriages and streetcars, radio sets, and processed timber goods. Likewise Uzbek companies are interested in using Latvia's ports. In turn, cotton, petroleum, chemical, and metallurgical products could be exported to Latvia, as well as fruit and vegetables.

This evening a festive dinner is being held in the state banqueting hall of Riga Castle in honor of the Uzbek president. Islam Karimov has invited President Guntis Ulmanis of Latvia to visit Uzbekistan this year.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

— Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.

— Headlines and all bracketed explanatory notes are supplied by FBIS.

— Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.